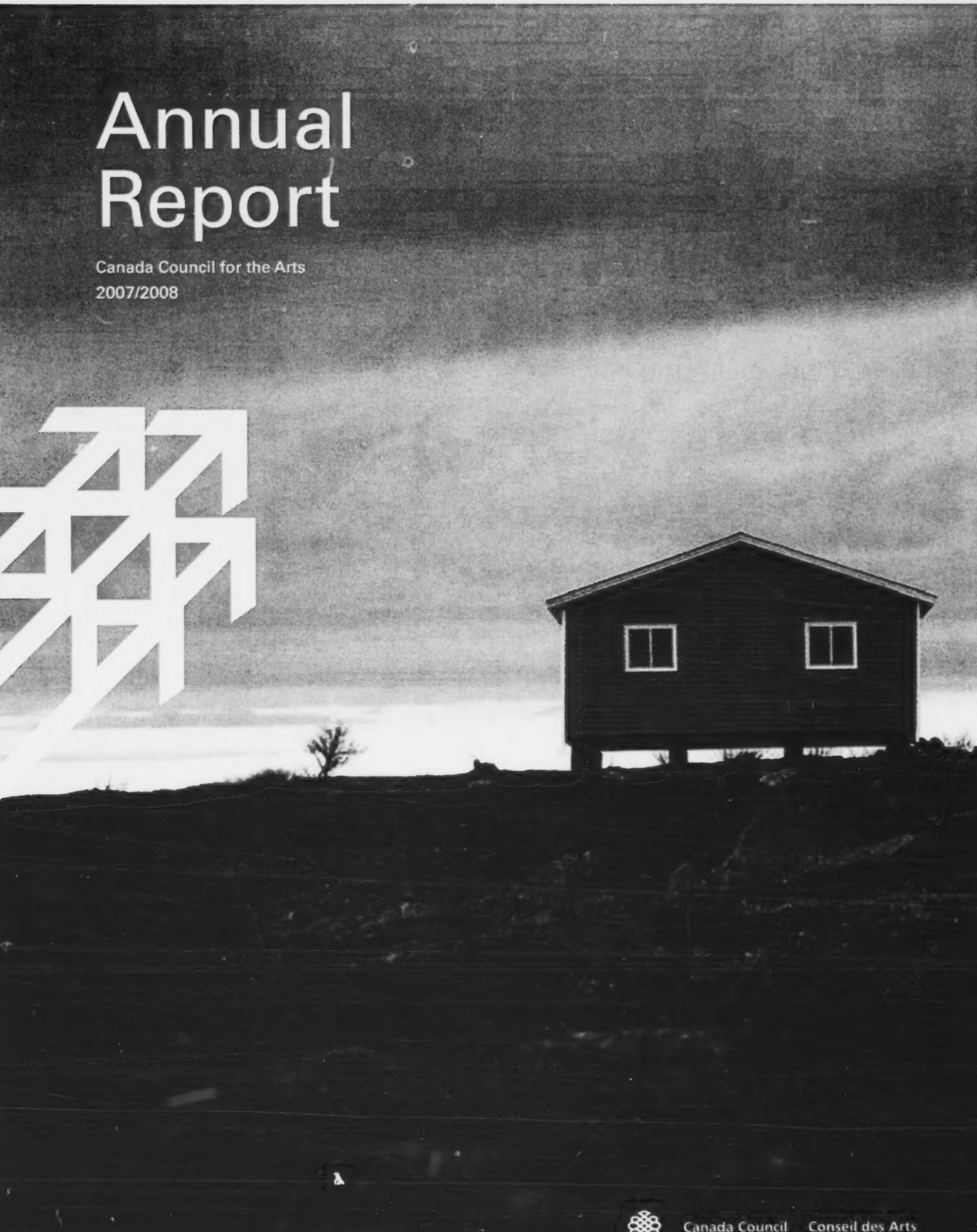
Annual Report

Canada Council for the Arts
2007/2008



Canada Council Conseil des Arts

Annual Report

Canada Council for the Arts

2007/08

Cover photo: Ned Pratt, *New Construction, Witless Bay*, 2007

Canada Council for the Arts

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Canada

Design: Alejandro Contreras
Printed in Canada
ISBN: 0-88837-200-0

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fibre
FSC

The 51st Annual Report of the Canada Council for the Arts and supplementary information on grants, awards, etc., are available at: www.canadacouncil.ca

The Canada Council for the Arts is a federal Crown corporation created by an Act of Parliament in 1957 "to foster and promote the study and enjoyment of, and the production of works in, the arts."

The Council offers a broad range of grants (some 6,970 in 2007-08) and services to professional Canadian artists and arts organizations in music, theatre, writing and publishing, visual arts, dance, media arts and integrated arts. It further seeks to raise public awareness of the arts through its communications, research and arts promotion activities.

The Council also awards prizes and fellowships every year to over 200 artists and scholars. The Canadian Commission for UNESCO and the Public Lending Right Commission operate within the Council. The Canada Council Art Bank, which has some 17,400 works of contemporary Canadian art in its collection, rents to the public and private sectors.

The Canada Council is governed by an 11-member Board. The Chair, the members of the Board and the Director of the Council are appointed by the Governor in Council for fixed terms. The Council relies heavily on the advice of artists and arts professionals from all parts of Canada (some 770 serve annually as jurors, or peer assessors) and works in close co-operation with federal, provincial, territorial and municipal arts and cultural agencies and departments. The Council reports to Parliament through the Minister of Canadian Heritage; its accounts are audited by the Auditor General of Canada. The annual budget allocation from Parliament is supplemented by endowment income, donations and bequests.

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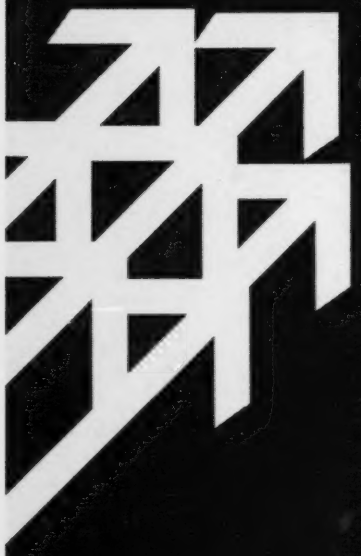
Solid Foundations

Message from the Chair



Canada Council Chair Karen Kain, with 2007 Governor General's Literary Award winner Michael Ondaatje, who won his fifth GG last year for his novel *Divisadero*. The award tied him with Hugh MacLennan for the most GGs in the history of the awards. Photo: P. Doyle/CP

As I step away from the leadership of the Canada Council for the Arts after three and a half years as Chair, I look with justifiable pride at this institution's long history of accomplishment.

In 1957 the Canada Council arrived at an exciting time for the arts in Canada. A strong and almost palpable sense of national purpose pervaded the cultural scene and the country as a whole. There was a feeling of change and celebration in the air. In the arts, a driving force for this ferment was the positive support quietly being offered by the Council as it worked to build an infrastructure that would sustain long into the future a high degree of vitality and risk-taking in Canada's creative development.

I believe that today we are similarly poised at a moment of change, and that the celebrations that marked the 50th anniversary of the Council were also infused with a similar confidence. I know that a remarkable future awaits us, that our arts organizations are among the finest in the world, and that new generations of artists, with Council support, are ready to step proudly onto a world stage that is open to artistic practices undreamt of half a century ago.

During its pivotal anniversary year, the Council undertook an ambitious strategic planning process informed by the most extensive public consultation and staff involvement in the organization's history. The board of the Council fully endorsed this participatory process – inspired by the strong leadership of Robert Sirman – and played a vital role in the development of the resulting Strategic Plan and Action Plan. The values and directions reflected in these two basic documents provide a strong foundation for moving forward.

The past year was also marked by the announcement of an ongoing $30 million addition to the Council's parliamentary appropriation. This investment by the people of Canada through their government recognizes the important national role played by the Council. It is a mark of confidence in the Council's expertise and capacity to deliver strategic support to artists and arts organizations in every region of the country, and of the impact and value that this support offers to all Canadians.

In addition, the board's work on issues of governance and financial oversight, including a risk-based internal audit plan, bolstered the Council's organizational capacity.

One of the hallmarks of great art is that you can't see how hard it is to do. Great artists make the difficult seem effortless. The Italians have a beautiful word for this – *sprezzatura* – with its connotations of style, ease and spontaneity. I think that same principle applies to organizations.

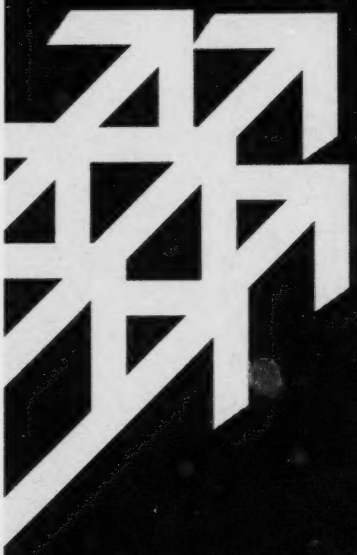
The Council is not necessarily seen by the public via its institutional realities – its innovative policies, its responsive programs, its sound management and financial practices, its effective governance. Rather it is seen in the reflected glow of the artistic activity it supports, and as a testament to our collective concern for the quality of Canada's public life.

As I take my leave, I want to say a sincere word of thanks to my fellow board members – including those whose terms recently ended: Amir Ali Alibhai, Manon Blanchette, Laurent Lapierre, Esther S. Ondrack and David Thauberger – and to the Council's dedicated staff and management. The Council rests on solid foundations, and I leave it in good hands as it works to ensure, in its second half-century, an even more exciting and dynamic future for the arts.

Karen Kain, C.C.
Chair

Moving Forward

Message from the Director



Canada Council Director Robert Sirman spoke in November 2007 at the Canada Council forum Presence in Toronto. The forum attracted approximately 120 representatives of some 60 culturally-diverse and Aboriginal arts organizations that had benefited from the Canada Council's Capacity Building Initiatives.
Photo: B. Desjardins/CP

The 50th anniversary year of the Canada Council for the Arts has been a remarkable and intense period of celebration, planning and organizational renewal.

The most extensive consultation in the Council's history led to *Moving Forward: Strategic Plan 2008-11, Values and Directions*, and the subsequent Action Plan released in February 2008. Together with the Corporate Plan, to be finalized in the fall of 2008, they lay the foundation for strengthening the Council's capacity to contribute to Canada's artistic development. They reflect the Council's core mandate and values, and focus on five key directions for the next three years: reinforce its commitment to artists, enhance its investment in arts organizations, promote equity as a critical priority, develop effective partnerships, and improve organizational capacity.

Through an Organizational Design Review, we have restructured the Council to make greater use of its knowledge base and strengthen its capacities as an organization, particularly in the areas of research, strategic planning, program evaluation, change implementation and communications.

The Council's management of financial and human resources has been further enhanced through its ongoing internal audit process and the adoption of a risk-based internal audit plan.

The Council's special one-time funding of $50 million over two years concluded in 2008. One-third of the funds was awarded through our regular programs to individual artists and to projects fostering greater public access to the arts. Two-thirds of the funds, awarded through a special competitive peer-assessed process, were used to strengthen the artistic, administrative and audience development activities of 561 arts organizations that receive Council operating support.

In July 2007, the Canada Council and the arts community welcomed the addition of $30 million in recurring funding to our parliamentary appropriation. As the Minister of Canadian Heritage, Bev Oda, acknowledged at the time, the increase was a "recognition of the important role the Council plays to ensure that Canada is more than ever a place of creativity and culture."

The many undertakings of the past year could not have succeeded without the dedication, commitment and expertise of the entire staff, supported as they are by an effective and committed board. To all of them I extend my sincerest gratitude, with particular thanks to outgoing chair Karen Kain, who played such a critical role at this historic moment.

The ultimate goal of the Canada Council for the Arts is that Canada have a rich and vigorous creative life that stimulates the imagination and gives Canadians the means to share their spirit with one another and the world.

The past year – the Council's 50th – saw significant progress in moving this vision forward, and reinforced its potential to do even more in the years to come.

Robert Sirman
Director

Management's Discussion and Analysis

Kenojuak Ashevak, winner of a 2008 Governor General's Award in Visual and Media Arts. Photo: Martin Liphman

Introduction

In early 2007, the Council undertook an extensive stakeholder consultation to assist in the development of its Strategic Plan for 2008-11. By the end of June, the Council had received more than 1,700 responses through meetings, an online survey and consultation workshops.

The results of the consultation affirmed the Council's fundamental values and its essential role as Canada's national arts council. They also identified the need for change within the organization to respond effectively to a changing society, and more specifically, a changing arts community.

In a parallel process, the Council also undertook a formal organizational design review to assess the Council's effectiveness in the fulfillment of its mandate. The implementation of the recommendations flowing from the review began in the fall of 2007 and continue into 2008.

Objectives, Strategies and Performance

The Council's public policy role as it has evolved over its history focuses on:

- Supporting the creation and production of works of merit and fostering excellence across a broad range of the arts,
- Ensuring that the work of Canadian artists and arts organizations is accessible to Canadian and international audiences,
- Promoting public awareness of the arts and the benefits that the arts bring to Canadian citizens and society as a whole, and
- Providing all levels of government, and others as the need arises, with expert advice and recommendations on public policy issues that have an impact on artists and arts organizations.

The Council's Corporate Plan for 2005-08 set out three operational goals for the planning period. The goals and some highlighted results were:

Goal I
Refocus support for creation, production and dissemination of the arts

- Grants to individual visual artists were broadened to encompass long-term grants, more strategic and targeted production grants and career development grants.
- Since the Aboriginal Capacity Building Initiative was introduced in 2006, 20 organizations have received annual support and 13 organizations have received multi-year support.
- The Council extended capacity building support to 71 culturally diverse arts organizations and removed genre ineligibility in music to increase access to all cultures.
- The Council expanded and strengthened its international programs in all disciplines, increasing the market development opportunities of Canadian artists and developing foreign artist residency programs, in close collaboration with other federal partners.

Goal II
Increase capacity in the funding infrastructure of the arts

- The Council strengthened its research capacity by structuring its priorities, establishing partnerships with other funders and increasing the dissemination of research papers internally and externally, through its website.
- The GO! Grants Online website used for online grant applications was expanded to 36 programs by 2007-08.
- The development of a network of federal/provincial/territorial funders (Canadian Public Arts Funders) has resulted in joint initiatives, development of a common financial form and ongoing discussions to identify opportunities for synergy, sharing of resources and professional development.

Goal III
Foster public knowledge and appreciation of Canadian artistic achievement

- Celebration of the Council's 50th anniversary in 2007 at over 130 events across Canada provided opportunities for increased public awareness of the role of the Council and the artists and arts organizations it funds.
- A 2007 symposium organized by the Canadian Public Arts Funders, the Canadian Commission for UNESCO and other partners led to closer collaboration between arts funders and educators.
- At the end of the fiscal year, 6,717 works from the Art Bank's collection of contemporary Canadian art (17,398 paintings, prints, photographs and sculptures by over 2,500 artists) were rented out and displayed in government and corporate offices and public spaces across Canada.
- The Canada Council gave awards and fellowships to over 200 artists and scholars in 2007-08 to celebrate their achievements and encourage artistic and scholarly activity.

The Council's performance, as measured against these operational goals, is reported in greater detail in the Corporate Scorecard that follows. For 2006-07 and 2007-08, this reflects an additional $50 million added to the Council's base budget ($20 million and $30 million respectively). All of these funds were awarded as grants to arts organizations receiving operating support from the Canada Council, to individual artists and to initiatives to encourage public access to the arts. The use of these new funds is shown separately on page 17.

In future years, as outlined in the Strategic Plan for 2008-11, the Council will focus on five interrelated directions:

Direction 1
Reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada.

Direction 2
Broaden the Council's commitment to arts organizations to strengthen their capacity to underpin artistic practices in all parts of the country.

Direction 3
Enhance the Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations.

Direction 4
Make partnerships with other organizations a key element in the Council's approach to advancing its mandate.

Direction 5
Implement structural changes within the Canada Council to improve communication and strengthen the organization's capacity to implement change.

Corporate Scorecard

	2007-08	2006-07	2005-06
	('000s)	('000s)	('000s)
Canada Council at a glance			
Parliamentary appropriation	**$ 182,507**	**$ 172,507**	**$ 151,683**
Grants			
Arts programs	$ 151,932	$ 139,971	$ 119,721
Prizes and fellowships	$ 3,541	$ 3,553	$ 3,323
Public Lending Right payments	$ 9,159	$ 9,121	$ 9,042
Total	**$ 164,632**	**$ 152,645**	**$ 132,086**
Grant applications			
Individual artists	8,308	8,319	9,154
Arts organizations	6,460	7,344	6,416
Total[1]	**14,768**	**15,663**	**15,570**
Applications received via GO! Grants Online (included in total above)	1,718	1,282	710
Grants awarded			
Individual artists	2,369	2,204	2,083
Arts organizations	4,597	4,430	3,679
Total	**6,966**	**6,634**	**5,762**
Communities in which the grants were awarded	684	658	634
First-time applicants (individual artists and arts organizations)			
First-time applicants	3,091	2,994	3,344
Communities where they live or are located	625	646	676
First-time recipients	1,275	1,111	1,027
Peer assessors			
Peer assessors	771	778	767
Communities where they live	189	183	183
First-time peer assessors	356	337	339

For comparative purposes, all figures are computed as of June 1, or the next business day, of each fiscal year except in the case where figures rely on data from final reports of the grants. These figures will be updated on an annual basis to reflect the most up-to-date information from these reports.

1. The number of grant applications received in 2006-07 includes applications received for the one-time supplementary operating grants to arts organizations, which were awarded for a two-year period.

GOAL 1 Refocus Council support for creation, production and dissemination of the arts	2007-08	('000s)	2006-07	('000s)	2005-06	('000s)
Maximize the interface between individual artists and society						
Support to individual artists	**2,190**	**$ 23,359**	**2,037**	**$ 21,161**	**1,927**	**$ 18,227**
Strategies and program initiatives						
Residencies and commissioning programs	120	$ 2,012	132	$ 2,215	111	$ 1,858
Artists and community collaborations	93	$ 1,592	89	$ 1,255	73	$ 1,011
Multi-year project support to individual artists	43	$ 1,689	24	$ 884	3	$ 105
Promote the creative health and sustainability of arts organizations						
Operating support to organizations						
Annual operating support	387	$ 16,539	540	$ 23,211	479	$ 21,629
Multi-year operating support	721	$ 79,161	675	$ 66,068	455	$ 52,948
Total	**1,108**	**$ 95,700**	**1,215**	**$ 89,279**	**934**	**$ 74,577**
Project support to organizations						
Annual project support	1,892	$ 30,532	1,815	$ 26,544	1,707	$ 25,481
Multi-year project support	68	$ 3,015	78	$ 3,761	50	$ 2,057
Total	**1,960**	**$ 33,547**	**1,893**	**$ 30,305**	**1,757**	**$ 27,538**
Strategies and program initiatives (amounts included in totals above)						
Flying Squad and Flying Eagle programs	196	$ 1,198	177	$ 1,071	234	$ 1,666
Develop viable platforms for the work of Aboriginal artists[1]						
Support to Aboriginal artists and arts organizations						
Capacity Building Initiative: Support for Aboriginal Artistic Practices (arts organizations)	24	$ 559	24	$ 587	15	$ 440
Other support to Aboriginal artists and arts organizations[1]	417	$ 6,160	402	$ 5,629	489	$ 5,707
Total	**441**	**$ 6,719**	**426**	**$ 6,216**	**504**	**$ 6,147**

Capitalize on the stimulus cultural diversity provides in the arts[1]	2007-08	('000s)	2006-07	('000s)	2005-06	('000s)
Support to culturally diverse arts organizations and artistic practices						
Capacity building program for culturally diverse arts organizations and artistic practices	51	$ 1,380	46	$ 1,380	69	$ 2,045
Other support to culturally diverse arts organizations and artistic practices[1]	580	$ 8,227	593	$ 7,712	542	$ 5,902
Total	**631**	**$ 9,607**	**639**	**$ 9,092**	**611**	**$ 7,947**
Strengthen Canada's international presence						
Grants for work in an international context[1]	**1,113**	**$ 13,354**	**1,208**	**$ 12,640**	**1,219**	**$ 10,904**
Canadian Commission for UNESCO						
Participation in events related to UNESCO's mandate	39		45		38	
Public Lending Right Commission						
Canadian authors receiving payments	15,993	$ 9,159	15,417	$ 9,121	14,972	$ 9,042
Communities where they live (in Canada)	1,701		1,687		1,640	
Communities where they live (outside Canada)	341		332		327	

Notes related to information on pages 12 and 13:

1. Funding support to Aboriginal artists and arts organizations, support to culturally diverse arts organizations and artistic practices, and grants for work in an international context have been restated in all three years to include grants where some or all of the grant dollars have been attributed to one of these three areas of support.

   Figures stated in the Corporate Scorecard of the 2006-07 Annual Report only included grants where 100% of the grant dollars were attributed to one of these three areas of support.

GOAL 2
Increase capacity in the funding infrastructure supporting the arts

	2007-08	('000s)	2006-07	('000s)	2005-06	('000s)
Draw on the benefits of networks and partnerships						
Alberta Creative Development Initiative (ACDI)[1]	114	$ 1,867				
Arts Partners in Creative Develoment (APCD)[2]	32	$ 2,700				
Practice high standards of accountability						
Human resources						
Employees	205		204		194	
Professional development and training costs per employee		$ 0.929		$ 0.865		$ 0.867
Number of trips employees took to regions or to visit arts communities	735		758		821	
Communities that employees visited	97		96		91	
New activities related to research capacity[3]						
CADAC: Canadian Arts Data / Données sur les arts au Canada						
Development of a website to allow the Canada Council and other public funders to collect and share data on Canadian arts organizations in order to measure the performance of arts organizations across Canada.		$ 100				

1. The Alberta Creative Development Initiative (ACDI) is a new program designed to support the development of the arts in Alberta. It is a partnership between the Alberta Foundation for the Arts and the Canada Council for the Arts in collaboration with the Calgary Arts Development Authority and the Edmonton Arts Council. The program started in 2007-08 for three years with the possibility of renewal for two additional years.

2. Started in 2007-08, Arts Partners in Creative Development (APCD) is a new three-year program designed to support the creation and development of original work that will represent the artistic excellence and diverse cultures of British Columbia. APCD is a strategic partnership of the Province of B.C., City of Vancouver, Canada Council for the Arts, Vancouver Foundation, Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games and 2010 Legacies Now. The figure above represents the total invested by all the partners. The Canada Council for the Arts is contributing $500 000 per year to APCD.

3. The Council developed research capacities in the areas of survey methodologies, reporting on performance and outcomes, alternative research methodologies (e.g., Aboriginal arts community research consultations, "data mining," etc.) It has also developed expertise in the areas of reporting on issues related to equity, audience development, and dissemination.

GOAL 3
Foster public knowledge and appreciation of Canadian artistic achievement

	2007-08	('000s)	2006-07	('000s)	2005-06	('000s)
Celebrate the arts						
Canada Council for the Arts 50th anniversary activities	*Jan–Dec 2007*		*Jan-Mar 2007*			
Events dedicated to the Council by arts organizations	133		47			
Communities across Canada in which events took place	42		19			
Media reports (print and broadcast)	231		149			
50th anniversary website						
Page views	175,000		36,482			
Visits	28,000		5,867			
Unique visitors	28,000		4,691			
Celebrating exceptional achievement through prizes and fellowships						
Prize and fellowship winners	205	$ 3,556	185	$ 3,553	171	$ 3,323
Prize presentation ceremonies	18		24		21	
Cities where ceremonies were held	6		8		5	
Fine stringed instruments awarded on three-year loans	14		14		13	
Insured value of the instruments ($US)[1]		$ 19,865		$ 16,575		$ 16,575
Promote the arts						
Support for dissemination activities	**1,642**	**$ 24,760**	**1,594**	**$ 25,567**	**1,607**	**$ 21,759**
Travel Grants						
Travel Grants[2]	1,318	$ 2,912	1,071	$ 2,409	1,087	$ 2,212
Number of foreign countries visited	76		72		80	
Support to visiting foreign artists						
Visiting foreign artists grant programs	59	$ 111	66	$ 121	49	$ 91
Number of countries represented	23		21		21	
Impact of touring grants on Canadians across the country						
Touring grants (music, dance, theatre only)	198	$ 3,982	191	$ 4,624	181	$ 3,986
Communities receiving tours (figures based on completed final reports for 2005-06)	n/a		n/a		348	
Number of artists on tour					975	
Number of days on tour					2,592	

	2007-08		2006-07		2005-06	
		('000s)		('000s)		('000s)
Literary readings						
Grants for literary readings	242	$ 1,400	252	$ 1,401	254	
Literary readings	1,254		1,097		1,131	
Host organizations	210		219		218	
Communities where host organizations are located	121		127		124	
Venues hosting literary readings[3]	n/a		507		586	
Canada Council Art Bank						
Works in collection	17,398		17,498		17,466	
Works on rental contracts	6,717		6,470		6,858	
Rental income		$ 1,961		$ 1,884		$ 1,837
New purchases	85	$ 398	85	$ 296	9	$ 21
Works divested	177	$ 27	86	$ 210	93	$ 128
Media / public relations						
News releases / media advisories	55		57		42	
Council messages in arts event programmes	42		52		48	
Media reports on the Governor General's Literary Awards (print and broadcast)	590		431		389	
Media reports on the Governor General's Awards in Visual and Media Arts (print and broadcast)	117		139		105	
Canada Council website traffic (in thousands)						
Page views per year	8,315		6,774		5,290	
Visits per year	1,219		1,232		1,007	
Unique visitors	719		775		642	

Notes related to information on pages 15 and 16:

1. The insured value of the instruments for fiscal years 2005-06 and 2006-07 have been restated in US dollars. The sum insured in the insurance policy is quoted in US dollars.

2. Includes grants through the Audience and Market Development Program and the Aboriginal Peoples Collaborative Exchange.

3. The number of venues hosting literary readings in 2007-08 will be reported in the following fiscal year once the final reports have been received.

New funds in 2006-07 and 2007-08	2007-08	('000s)	2006-07	('000s)	Total	('000s)
Goal 2: **Increase in parliamentary appropriation (May 2006 federal budget)**						
Supplementary operating grants to arts organizations receiving operating support from the Council		$ 20,000		$ 13,000		$ 33,000
New funds allocated to projects by individual artists		$ 5,000		$ 3,500		$ 8,500
New funds allocated to grants for initiatives to encourage public access to the arts		$ 5,000		$ 3,500		$ 8,500
Total		**$ 30,000**		**$ 20,000**		**$ 50,000**
New funds invested						
Goal 1: **Supplementary operating grants to arts organizations receiving operating support from the Council**						
Arts organizations eligible to apply	937		937			
Arts organizations that applied	858		858			
Supplementary operating grants awarded	561	$ 20,000	561	$ 13,000		$ 33,000
Communities where the organizations are located	103		103			
Goal 1: **New funds invested in projects by individual artists**						
Grants awarded	608	4,771	333	$ 3,474		$ 8,245
Communities where artists live	170		94			
Goal 3: **New funds invested in grants for initiatives to encourage public access to the arts**						
Grants awarded	756	5,217	462	$ 3,522		$ 8,739
Communities where artists live or organizations are located	230		134			
Total		**$ 29,988**		**$ 19,996**		**$ 49,984**

Highlights

In addition to major strategic investments across Canada, every year, the Council awards seed money for projects, programming, coaching, touring and travel to special events. These seeds germinate at innumerable points across Canada and around the world, bringing the work of Canadian artists and arts organizations to ever-widening audiences. This year the Annual Report highlights grants of up to $25,000.

Marketing art across the map

» Stranger Theatre of Toronto received $7,127 to present *and what Alice found there* at the Istanbul International Puppet Festival in May 2007.

» Moncton's Atlantic Ballet Theatre of Canada received $10,000 to showcase at Arts Midwest in Ohio, and at Performing Arts Exchange in Kentucky.

» The Nathaniel Dett Chorale of Toronto received $7,000 to showcase at the North Carolina Arts Market.

» The Toronto Reel Asian International Film Festival received $1,500 to attend the Hong Kong International Film Festival and the Jeonju International Film Festival in Korea.

» Quebec City's Théâtre des Confettis received $610 to meet with presenters at the Shogun-Ieyasu and Daidogei festivals in Japan in October and November 2007.

» The Catriona Jeffries Gallery of Vancouver received $1,400 to attend the openings of Aboriginal sculptor Brian Jungen's exhibition in Munich and Vancouver visual artist Geoffrey Farmer's exhibition in London.

Aboriginal artists go international

» Nadine Chandra Deegan of Fort Qu'Appelle, Sask., received $7,500 to develop her skills through a six-month collaboration with well-known beadworker Juanita Growing Thunder Forgaty in San Juan, California.

» Doug Smarch Jr. of Teslin, Y.T., received $13,800 to learn artistic methodologies in Peru from a family group called Winay Taki Ayllu (People in an Old House).

» Catherine Lynn Mattes of Shilo, Man., received $1,500 to meet with Megan Tamati-Quennell, Curator of Indigenous Art, Museum of New Zealand, and with Winnipeg-based visual artist KC Adams for research and community intervention.

Empowerment through art

» Vancouver's Downtown Eastside Women's Centre received $20,000 to address issues of race, gender and poverty in collaboration with artist Rose Spahan through its "Women Engaged in the Arts – Vision and Empowerment" project.

Seen from sea to sea

» Calgary's Sudha Thakkar received a grant of $10,000 towards a tour of the dance production *Dvaya: The confluence of male and female spirits* to Edmonton, Saskatoon and Montreal in fall 2007.

» Halifax's Mocean Dance received a grant of $2,500 towards its tour to Saint John and Fredericton, N.B., and Whitehorse, Y.T.

» Ensemble Strada of Quebec received $2,800 to tour northern Ontario with *Kadou – Noëls d'ici et d'ailleurs* in December 2007.

» Vancouver's Boca del Lupo received $13,000 to tour its production of *My Dad, My Dog* to Whitehorse and Edmonton in February 2008.

» Théâtre la Catapulte of Ottawa received $14,000 to tour *Cette fille-là* to Alberta and Quebec in winter 2008.

» The Catalyst Theatre of Alberta received $8,000 to tour *Frankenstein* to Vancouver in January 2008.

Festivals

» The Abilities Arts Festival received a grant of $17,000 for programming. This Toronto-based celebration of disability arts and culture took place in October-November 2007.

» The Cape Jourimain Nature Centre received a grant of $10,000 to present programming at the Cape Jourimain Ecco Arts Festival in Bayfield, N.B., in September 2007.

» Newfoundland's Association communautaire francophone de Saint-Jean received a grant of $10,000 to present programming at the Festival du vent 2007 in October.

» The Open Sky Creative Society received a grant of $17,000 to present programming at the Open Sky Festival 2008 in Fort Simpson, N.W.T., in June.

» The Vancouver Summer Festival Society received $5,000 for *Montreal Mornings*, a series of four classical concerts featuring Montreal musicians, in 2007

Stories for everyone – everywhere!

» Renée Robitaille of Montreal received $2,300 to participate at the Festival international du conte in Brazzaville, Congo, in April 2007.

» Mona Latif-Ghattas of Montreal received $1,500 to take her poetry presentation *Ambre et Lumière* to Egypt and Belgium in late 2007.

» Janice Margaret Andrews of Lanark, Ont., received $770 to perform at the Scottish Storytelling Centre in Edinburgh in December 2007.

» Montreal's La Maison internationale du conte received $4,155 to allow Stéphanie Bénéteau, Myriame El Yamani and Hassan El Hadi to participate at the Festival Passeurs d'histoires and the Festival Ches Wèpes, France and the Festival Beyond Borders, Wales, in summer 2007.

» Danielle Brabant of Le Bic, Que., received $3,000 to participate at the Festival Festmoc in Yaoundé, Cameroun, the Festival De Fabula Baix Montseny in Catalonia, Spain, and the Festival Parole d'hiver in St-Brieuc in Brittany, France, in September 2007.

» The Melbourne Writers' Festival in Australia received a grant of $10,000 to bring four Canadian writers (Peter Behrens, Anita Rau Badami, Thomas Homer-Dixon and Cory Doctorow) to its festival in August-September 2007.

» Vestibule de la Parole of Poitiers, France, received $5,905 towards the participation by six Acadian artists in a story-telling festival Hommage à l'Acadie in May 2008.

» Aida Maria da Fonsec Jordao received $1,500 to travel to Macao, China in May 2007, to perform in a staged reading of *My Aunt's Neighbours* at the III International Conference: The Voice and Choice of Portuguese Women in the Diaspora in Macau and Elsewhere.

Nourishing creativity

» Toronto's Red Sky Performance Theatre received $3,000 to support research by Colin McIntyre in Mongolia in June 2007 in connection with Red Sky's new work that will create a bridge between the Beijing and Vancouver Olympics.

» Newfoundland Dance Presenters received $10,000 to bring acclaimed Butoh artist Denise Fujiwara to St. John's for a three-week residency to work with local artists to develop a new work inspired by a traditional Newfoundland ghost story and performed at the Festival of New Dance in May 2007.

» Choreographer Lynn Allison Snelling of Montreal was invited to guest-teach at the Choreodrome Project in England and then participate in a collective creation with Alexander Baervoets in Belgium in the summer and fall of 2007. She received $1,100 towards travel costs.

» Scott Macmillan of Halifax received $7,500 to compose a piece of music entitled *The Currents of Sable Island*.

» Zuppa Circus Theatre Company of Halifax, N.S., received $9,000 to develop and produce a new work, entitled *Jerome*.

» Augusta Maria Dwyer of Toronto received $9,000 to complete a book about grassroots social movements in five developing countries and how they alleviate poverty.

» Andrew Jonathan Watson of Montreal received $4,000 to produce a new media installation, *Standing Still You Won't Be Forgotten*.

» Calgary dancer Nicole Mion received $20,000 from the Alberta Creative Development Initiative partnership to create phase 2 of the video/dance work *18 Frames*.

Honing skills

» Kiran Ahluwalia, currently based in New York, received $6,500 to study Indian composition and singing for six weeks with Vithal Rao in Hyderabad, India.

» Geneviève Plante of Otterburn Park, Que., received $5,000 to study trumpet with Paul Merkelo in Montreal for three months.

» Margaret Little of Outremont, Que., received $10,000 to work on the solo viola de gamba repertoire for one year.

» Violist Janice LaMarre of Barrie, Ont., currently based in New York, received a $1,500 travel grant to attend a master class at the International Musicians Seminar at Prussia Cove, UK, in March 2008.

» In Northern Ontario, the Wikwemikong Heritage Organization received $10,000 to teach male and female youth their roles and responsibilities in conducting the 70-year-old Jingle Dress, Drum and Lodge ceremony.

» Wesley Connor and Sonia Norris, both of Toronto, received $2,000 each to assist with the costs of presenting workshops in mask theatre and ensemble creation at the Harare International Festival of Arts in Zimbabwe in May 2007.

» Raymond Schryer of Sault Ste-Marie, Ont., received $1,500 to judge and exhibit in an international violin-making competition in Slovakia in April 2007.

» Artcirq received $22,000 to bring 12 nationally recognized circus performers to teach and mentor local youth of Iqaluit and to collaborate with other aboriginal artists during the Alianait Arts Festival.

Thinking things through

» Greg Bellerby of Vancouver received $19,500 to undertake a comprehensive, critical overview of modern domestic architecture in the Vancouver region, 1940 to the present, culminating in a major publication.

Openings

» Composer Pui Ming Lee received $500 to attend the première of his work *Awakening* by the Bay Atlantic Symphony in New Jersey in May 2008

» Vern Thiessen, currently based in Astoria, N.Y., received $750 to attend the American première of his play, *Apple*, in Chicago.

» Aboriginal playwright Drew Hayden Taylor of Curve Lake, Ont., received $750 to travel to New York and Washington to attend the première of his play, *The Berlin Blues*, at the National Museum of the American Indian, and to participate in a forum following the performance.

Art on display

» The Beaverbrook Art Gallery of Fredericton, N.B., received $7,000 toward the acquisition of *Self Portrait* by G. May, *Dogs* by S. Scott, *The Chef and Ernie Banks* by D. Wilson, and *The fact is ..., The richness ..., Free to ignore ..., We know ...* and *There are no tidy ...*, all by D. Steeves.

» In Ontario, Whitby Arts Incorporated received $2,000 for the exhibition *Greg Staats: Reciprocity and Six Nations automnemonic*.

» The Canada Council Art Bank donated 40 works to the Confederation Centre of the Arts Gallery, which were circulated at four schools in rural P.E.I. Students who rarely have the chance to see such works up close participated in workshops and other creative activities inspired by them.

In other words ...

» Cormorant Books of Toronto received $1,500 towards the translation by Sheila Fischman of Jacques Poulin's book *Les yeux bleus de Mistassini*.

» Leméac Éditeur of Montreal received $4,600 for the translation by Lori Saint-Martin and Paul Gagné of Stephanie Nolen's *28: Stories of AIDS in Africa*.

» All Prints Distributors and Publishers of Beirut, Lebanon, received $4,000 towards the Arabic translation by Rana Saifi of Rawi Hage's book, *De Niro's Game*. The novel was short-listed for the Governor General's Literary Awards in 2006 and won the 2008 International IMPAC Dublin Literary Award, the world's largest prize for an English-language work of fiction.

Being there in person

» Mary Ellen Davis of Montreal received $2,500 to present her documentary *Territoires* at the Beirut International Documentary Festival in Lebanon in December 2007.

» Darryl Miller of Cupar, Sask., received $1,500 to present *Dark One* at the 50th International Festival for Documentary and Animated Film – DOK Leipzig in Germany and at the Jihlava International Documentary Festival in Lebanon and in the Czech Republic in October and November 2007.

» Anita Schoepp of Montreal received $2,000 to present *Dedicated to Rebelsexuals* at the MIX Brasil Film and Video Festival of Sexual Diversity in Sao Paulo in November 2007.

» Ying-Yueh Chuang of Toronto received $750 to install her work at the exhibition, *Full and Spare: Ceramic in the 21st Century*, at Florida State University's Museum of Fine Arts in February 2008.

Underpinnings

» The Young Alberta Book Society received $4,000 for a website redesign.

» The Grunt Gallery of Vancouver received $8,000 for organizational research and planning.

Celebrating excellence

» Naïm Kattan of Montreal received a travel grant of $1,000 to receive the Prix Hervé Deluen from the Académie française in Paris in November 2007.

» Vivian Jeanette Kaplan of Toronto received a travel grant of $1,500 to receive the First Prize from the Association of Jewish Women of Italy for her book, *Ten Green Bottles*, in Rome in October 2007.

A Ten-Year Perspective: 1998-2008

	2007-08		1997-98	
Parliamentary appropriation	$ 182.5 M		$ 114.0 M	
Total funding to the arts[1]	$ 164.6 M	84.2%	$ 103.9 M	87.2%
Services to the arts community[2]	$ 4.6 M	2.4 %	$ 1.4 M	1.2 %
Administration expenses	$ 24.7 M	12.6 %	$ 12.9 M	10.8 %
Canadian Commission for UNESCO[3]	$ 1.6 M	1.8 %	$ 0.929 M	0.8 %
Total expenses	$ 195.5 M	100.0 %	$ 119.1 M	100.0 %
Number of grant applications[4]	14,768		10,861	
Number of grants awarded[4]	6,966		4,593	
Number of Public Lending Right payments to authors	15,993		11,151	
Number of employees[5]	205		134	

1. Includes grants, all awards and prizes, Art Bank purchases and Public Lending Right payments.
2. Includes costs for peer assessment, arts advisory committees, workshops and other professional services to the arts community (e.g., Flying Squad coordinators).
3. Includes program and administration expenses.
4. Excludes certain awards and prizes (e.g., the Killam Program), Art Bank purchases and Public Lending Right program.
5. In 1994-95, prior to a significant reduction in administrative and staff costs, the Canada Council had 268 employees.

Index on the Arts

$23,500

average annual income of an artist (2001 census data)

600,000

people employed in the arts and culture sector (Statistics Canada 2001)

$43 billion

impact of arts and culture on the Canadian economy (Statistics Canada 2003)

685

communities in which artists and arts organizations were funded by the Canada Council (2007-08)

29%

increase in the number of artists 1991-2001 (2001 census data)

4.4%

Canada Council's share of federal cultural spending (2003-04)

0.08%

Canada Council budget as percentage of total federal government spending (2007-08)

$5.54

annual cost of the Canada Council per Canadian (2007-08)

$164.6 million

total Canada Council investment in the arts (2007-08)

86%

percentage of Canadians who attended at least one type of arts or cultural event or activity in the past year (Department of Canadian Heritage 2007)

72%

percentage of Canadians who feel that artistic and cultural events are important for their quality of life (Department of Canadian Heritage 2007)

Financial Overview

Highlights

Effective April 1, 2007, the Canada Council for the Arts adopted new standards for financial instruments in accordance with various sections of the Canadian Institute of Chartered Accountants' Handbook. With the adoption of these standards, the Council presents its investments at their fair value, with any unrealized gain or loss being recorded as accumulated other comprehensive income, a new component of equity. There is also a new statement of comprehensive income. Opening balances were adjusted to reflect the adoption of the new standards.

In May 2006, the government announced a $50 million increase to the Council's parliamentary appropriation, $20 million in 2006-07 and $30 million in 2007-08. As a result, this figure increased $10 million over the previous year. The investment returns of negative 9.0% were significantly lower than last year due to significant declines in the global equity market and an appreciation in the Canadian dollar. In contrast, the Council earned investment income of $20.0 million, of which $11.0 million will be reinvested in its reserve from the capitalization of investment income. Program expenses increased by $12.5 million as a direct result of the increase to the parliamentary appropriation. The Council's general administration expenses increased $2.0 million due to increased salary and benefits, office accommodation and professional services costs. In 2007-08, the Canada Council for the Arts is reporting a surplus for the year of $9.7 million.

Balance Sheet as at March 31

(in thousands of dollars)	2008	2007
Total assets	$ 356,633	$ 373,806
Total liabilities	48,093	48,958
Total Equity	308,540	324,848

Statement of Operations for the year ended March 31

(in thousands of dollars)	2008	2007
Parliamentary appropriation	$ 182,507	$ 172,507
Net investment income	19,991	25,929
Other revenue	2,690	1,529
Total revenue	**205,188**	**199,965**
Programs	179,900	167,370
Canadian Commission for UNESCO	1,614	1,784
General administration	13,997	12,015
Total expenses	**195,511**	**181,169**
Net results for the year	**$ 9,677**	**$ 18,796**

Balance Sheet

With the adoption of the new standards for financial instruments, the Council was required to classify its financial assets as held-for-trading, held-to-maturity, loans and receivables or available-for-sale, and its financial liabilities as either held-for-trading or other liabilities. The following table identifies the financial assets and liabilities that required measurement under the new standards and the basis of classification for each.

Financial asset or liability	Basis of classification
Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Investments	Available-for-sale
Derivatives	Held-for-trading
Grants payable	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

Assets

As at March 31, 2008, total current assets were $40.5 million, an increase of $8.3 million over the previous year. Current assets are those assets that in the normal course of operations are expected to be converted into cash or expensed within the next year. They include cash and cash equivalents, accrued investment income, accounts receivable, prepaid expenses and derivatives. The major increase occurred in cash and cash equivalents.

This year, cash equivalents consist of two short-term pooled funds managed by a professional money manager. The first, the temporary investment of the Council's excess daily cash requirements, decreased from $30.9 million at March 31, 2007 to $17.6 million at March 31, 2008, due to grant payouts that had been accrued at March 31, 2007 and a delay in the cash withdrawal from the investment portfolio until market conditions improve. This short-term pooled fund earned a return of 4.81% in 2007-08 and had an average term to maturity of 53 days (2006-07: a return of 4.24% and an average term to maturity of 72 days).

The second pooled fund is a new short-term fund of $24.3 million created during 2007-08 with the proceeds from the sale of investments. It will be used to fund the Council's future investment in units of an infrastructure fund and its allocation to real estate. This short-term pooled fund earned a return of 3.28% and had an average term to maturity of 53 days (2006-07 - nil).

As at March 31, 2007, the investments were shown on the balance sheet at their cost of $318.1 million. On April 1, 2007, the Council's investments were adjusted to their carrying value of $344.1 million in accordance with the new standards for financial instruments. The unrealized gain of $26.0 million resulting from this adjustment was recorded in equity as accumulated other comprehensive income and split between available-for-sale financial assets ($20.7 million) and restricted contributions from non-owners ($5.3 million). As at March 31, 2008, the carrying value of the Council's investments is $292.5 million, which excludes $24.3 million pre-

sented in cash equivalents and targeted for future, long-term investment in infrastructure and real estate. Investments decreased $51.6 million over the adjusted carrying value of $344.1 million recorded on April 1, 2007. The decrease in the carrying value reflects the sharp decline in the world equity markets caused mainly by the collapse in the U.S. sub-prime mortgage market in August 2007 and deteriorating conditions in the global credit markets. These events strongly affected the financial sector, as major financial institutions were forced to write down assets against their earnings. In addition, uncertainty about the health of the financial system, a further slowdown in the U.S. housing market and record high oil prices have raised the prospect of a recession in the U.S. and a global economic slowdown.

The Council invests in units of pooled funds that are managed by professional money managers. The Council's investments are guided by a *Statement of Investment Policies and Goals* which is approved by the Board and available from the Council. The objectives of the portfolio are to generate long-term real returns to supplement the parliamentary appropriation and to support the fellowships and prizes for the Killam Funds and Special Funds, while maintaining the purchasing power of the endowed capital. The Killam Funds and Special Funds represent contributions from non-owners that have been received by way of donation and bequest and have been restricted for specific purposes by the donors. The Killam Funds are required to be maintained in a separate investment portfolio that is consolidated for reporting purposes. The Special Funds are included with the Council's investment portfolio and a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time each contribution was received.

The Council is assisted in the oversight and management of its portfolio by an Investment Committee composed of independent experts with experience in both the investment field and the asset classes being invested in Board members of the Council are also represented on the Investment Committee. In addition, the Council uses the services of an independent investment consultant to assist the Investment Committee in its work.

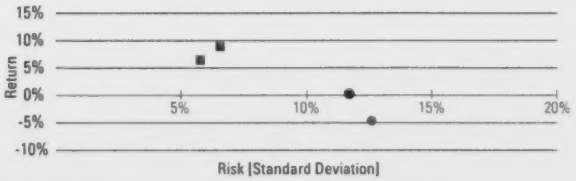
The Investment Committee reviews the Council's investment policy annually, and, as the investment markets continue to evolve, the Committee recommends adjustments to the asset mix to reflect the changes. This year, the Investment Committee reviewed the diversification of the management structure, paying particular attention to the risks within the portfolio. They reviewed the impact that any changes might have on the portfolio and, with the approval of the Board, made adjustments to the asset mix targets. The table below shows the actual comparative asset mix as well as the asset mix targets for the portfolio.

Investment	Asset Mix 2007-08		Asset Mix 2006-07	
	Actual	Target	Actual	Target
World equity markets	62.0%	61.0%	65.9%	62.0%
Canadian fixed income	23.9%	20.0%	19.2%	20.0%
Alternatives	11.3%	10.0%	10.3%	10.0%
Real estate	2.0%	4.0%	0.9%	4.0%
Infrastructure	0.8%	5.0%	-	-
Income trusts	-	-	3.7%	4.0%

The Council continues to move towards an investment portfolio which replicates its targets in each of these asset classes, as stipulated in its Investment Policy.

Over the last four years, the Council's investment advisor has provided the Investment Committee with information showing that diversification of asset classes reduces the overall risk within a portfolio. As a result, the Investment Committee has been slowly recommending changes to the portfolio in an effort to reduce the risk. Chart I is a risk return chart that compares the Council's asset mix four years ago with its asset mix as at March 31, 2008. The horizontal axis represents the level of risk and the vertical axis represents the return. While the portfolio contains more risk than the benchmark, the chart shows that the level of risk has declined with the increased diversification of the portfolio.

Chart I: Risk Return Analysis



- Total Fund (4 years ending March 31, 2008)
- Benchmark (4 years ending March 31, 2008)
- Total Fund (4 years ending March 31, 2004)
- Benchmark (4 years ending March 31, 2004)

Chart reproduced with the permission of Hewitt Associates

During the year, the Council realized net capital losses of $445 thousand from the sale of its individual income trust investments and a portion of its world equity portfolio. The proceeds from these sales are invested in a short-term pooled fund and presented as cash equivalents. Over the next two to three years, they will be used to fund the Council's investment in units of an infrastructure fund and its allocation to real estate. In order to reduce the risk of currency exposure related to the strengthening Canadian dollar, the Investment Committee reinstated a program used to minimize the impact of changes in currency by hedging 50% of the

non-Canadian portion of the portfolio, excluding emerging markets. During the year, this program resulted in a net currency loss of $503 thousand.

Works of art and musical instruments appear on the Council's balance sheet at a value of $20.1 million as at March 31, 2008, a net increase of $371 thousand over the previous year. During the year, the Canada Council Art Bank acquired 85 new works at a cost of $398 thousand and disposed of works costing $27 thousand. The Art Bank has the largest collection of contemporary Canadian art in Canada, with about 17,400 works, and rents works of art to interested public and private sector organizations. The Art Bank is allowed to reinvest any surplus from its operations in the acquisition of new works of art. The Council's Musical Instrument Bank owns or manages 13 historically important, fine stringed musical instruments and a fine cello bow. The instruments are loaned to gifted young musicians.

Other capital assets include office equipment and leasehold improvements. These have decreased by $270 thousand over the course of the year. Acquisitions have been offset by amortization expenses during the year.

Liabilities

As at March 31, 2008, the combined balance of current liabilities was $43.2 million, a decrease of $1.0 million over the previous year. Current liabilities are those liabilities that in the normal course of operations are expected to be paid within the next year. They have been included in the Council's expenses for 2007-08. Current liabilities include grants payable; accounts payable and accrued liabilities; derivatives; and deferred parliamentary appropriations. The major changes over the previous year occurred in grants payable, which decreased $5.8 million due to payments to grant recipients that were accrued at March 31, 2007; deferred parliamentary appropriations, which decreased $725 thousand; and derivatives of $5.5 million, which represent the loss for the month of March 2008 on currency forward contracts. This loss will only be settled in early April 2008.

Other liabilities include deferred revenues, which pertain to Art Bank rental fees received in advance of their due date; and to the unamortized portion of the lease inducement received from the Council's landlord, Oxford Properties; and employee future benefits, which represents the severance entitlements of the Council's employees and typically increases with each additional year of service.

Equity

Equity consists of the following elements as at March 31

(in thousands of dollars)	2008	2007
Equity		
Contributed surplus	$ 50,000	$ 50,000
Retained earnings	13,796	15,517
Accumulated other comprehensive income	55,881	81,839
Reserve from capitalization of investment income	168,745	157,745
Reserve for investment in works of art and musical instruments	20,118	19,747
	$ 308,540	$ 324,848

An amount of $50 million continues to be recognized in contributed surplus as the original contribution by the government of an endowment when the Council was established in 1957.

Retained earnings in the amount of $13.8 million include unspent grant budgets of previous years and a balance of uncommitted funds to allow for the smooth operation of the Council.

Accumulated other comprehensive income (AOCI) is a new component of equity resulting from the adoption of the new financial instrument standards on April 1, 2007. AOCI consists of two items: available-for-sale financial assets and restricted contributions from non-owners. Available-for-sale financial assets include the unrealized gain or loss on the reclassification of the Council's financial assets to fair value at March 31 and the reclassification to operations of any gains or losses on disposal of investments previously recognized in this component of AOCI. Prior to April 1, 2007, contributions from non-owners were classified as deferred contributions and private endowments, with each shown as a liability on the balance sheet. The contributions from non-owners consist of contributions received by way of donation or bequest that have been restricted for specific purposes by the donors; any income attributed to non-owner contributions that was not required during the year for the stated purposes of the contribution; the proportionate share of the unrealized gain or loss on the reclassification of the Council's investments to fair value at March 31; and the reclassification to operations of any gains or losses on disposal of investments previously recognized in this component of AOCI. During the year, the Council received a bequest of $1.1 million from the Estate of Edith Davis Webb.

The reserve from the capitalization of investment income has increased by $11.0 million over the course of the year, as a result of investment income in excess of that budgeted. The Council's policy is that, when investment income is greater in a year than that budgeted, the excess is transferred from retained earnings to the reserve from the capitalization of investment income. The total of $168.7 million at March 31, 2008 represents the sum of excess investment income since the establishment of the Council. The balance of the equity account is the recognition as a reserve of an amount which equals the cost of its works of art and musical instruments.

Statement of Operations

Summary Statement of Operations for the year ended March 31

(in thousands of dollars)	2008 Actual	2008 Budget	2007 Actual
Revenue			
Parliamentary appropriation	$ 182,507	$ 182,161	$ 172,507
Net investment income	19,991	8,770	25,929
Net Art Bank revenue (costs)	206	(26)	300
Other	2,484	901	1,229
	205,188	191,806	199,965
Expenses			
Programs	179,900	175,355	167,370
Canadian Commission for UNESCO	1,614	2,165	1,784
General administration	13,997	14,207	12,015
	195,511	191,727	181,169
Net results for the year	$ 9,677	$ 79	$ 18,796

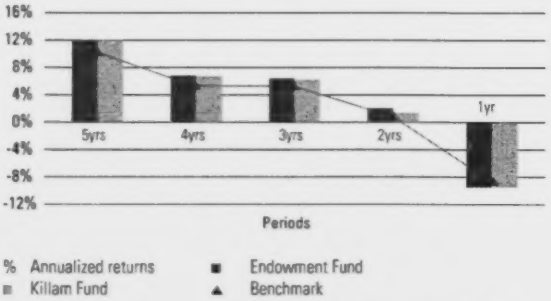
The Council receives an annual appropriation from Parliament. For the year ended March 31, 2008, this amount was $182.5 million, $10.0 million greater than in 2006-07. In the May 2006 federal budget, the Council received additional funding of $50.0 million over two years, $20.0 million in 2006-07 and $30.0 million in 2007-08. In July 2007, the government announced an increase of $30.0 million to the Council's parliamentary appropriation beginning in 2008-09.

The financial markets in which the Council invests are quite diversified and, in 2007-08, the Endowment and Special Funds and the Killam Funds had one-year annualized returns of negative 9.0%. The portfolios were negatively affected by the collapse of the U.S. sub-prime mortgage market in August 2007, deteriorating conditions in global credit markets as financial institutions continued to take large write-offs, an appreciation in the Canadian dollar and an erosion of consumer confidence caused by record high oil prices, uncertainty about the health of the financial system and a slowdown in the U.S. housing market.

In contrast to the poor returns, the Council recognized net investment income of $20.0 million, which was $5.9 million less than 2006-07, but $11.2 million greater than budget. Prior to August 2007, the world equity fund managed by Franklin Templeton took advantage of profits that had been accruing within the fund and distributed $14.4 million to the Council. Overall dividends and interest in the amount of $26.6 million represented the largest portion of investment income for the year, an increase of $13.2 million over 2006-07. Net losses on foreign currency forward contracts of $503 thousand, an improvement of $2.1 million over the previous year, were attributable to fluctuations in the Canadian dollar. Net losses on disposal of investments were $445 thousand compared to net gains of $24.1 million in the previous year. In 2006-07, the Council had significant capital gains from the sale of one of its world equity funds.

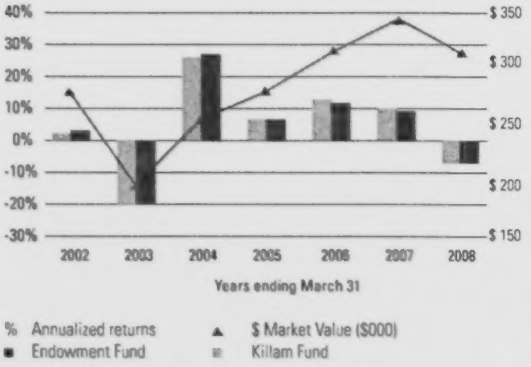
Chart II below shows the annualized returns for the last five years of the Endowment and Special Funds and the Killam Funds against the benchmark return.

Chart II: Annualized Portfolio Returns



The Council's investment policy prescribes that cash can be withdrawn from the portfolio at a rate of up to 4½% of the previous three-year average market value, using balances at September 30, the date which is used to calculate budget investment income. Chart III below shows the annual returns for the Council in each year since 2002 and the corresponding effect those returns have had on the year-end market value. Chart III also demonstrates how the investment market returns can fluctuate year over year. The Council reinvests excess investment income above the budgeted amount in order to ensure the continued growth of the fund. This reinvestment is also intended to bring the value of the portfolio closer to what the original endowment amount from 1957 would be if expressed in today's dollars. This proactive approach helps bring additional stability and long-term growth for the Council. In years where investment income is not as favourable as expected, the Board may approve the use of previous years' capitalized income that is represented by the reserve from the capitalization of investment income, a component of equity on the balance sheet.

Chart III: Annual Portfolio Returns



Net Art Bank revenue of $206 thousand is higher than anticipated for the year but below last year's reported figure of $300 thousand, due principally to the receipt in 2006-07 of an unexpected property tax rebate and in 2007-08 to increased costs of travelling.

Other revenue includes the cancellation of grants awarded in previous years, boardroom rental fees, donations, tax rebates and others. These revenues can fluctuate from year to year and have increased by $1.3 million including a $1.0 million contribution from the Alberta Foundation for the Arts as part of a three-year partnership with the Council.

Program expenses for the years ending March 31 include the following three components:

(in thousands of dollars)	2008	2007
Grants	$ 164,632	$ 152,645
Services	4,600	4,699
Administration	10,668	10,026
	$ 179,900	$ 167,370

In 2007-08, program expenses accounted for over 92% of Council's total expenses of $195.5 million, the same percentage as in 2006-07. As can be seen from the table above, they include three components. Grants to artists and arts organizations represented more than 91.5% of the total program expenses and increased by $12.0 million this year as a result of the increase in the parliamentary appropriation. Services include additional support provided to the arts community, such as expenses related to workshops, adjudication of programs and advisory committees. Program administration costs represent the direct cost of operating the Council's programs. These include salaries, benefits, travel and professional services, and they increased $642 thousand over the previous year. This increase was mainly due to increases in salaries and benefits.

The Canadian Commission for UNESCO (CCU) operates under the aegis of the Canada Council. The CCU spent $1.6 million in 2007-08, a decrease of $170 thousand over 2006-07. The CCU co-ordinates UNESCO program activities in Canada; encourages Canadian participation in UNESCO activities abroad, including the provision of expert advice and assistance from both governmental and non-governmental organizations; and provides advice about future UNESCO programs and budgets to the Department of Foreign Affairs and International Trade. The CCU also initiates activities in Canada to advance and obtain visibility for UNESCO's program objectives.

General administration expenses include the cost of Corporate Services (Finance, Human Resources and Information Management), Governance, Communications and Partnerships. Items include salaries, benefits, travel, professional services, amortization, accommodation and others. These costs were $2.6 million higher than those reported in 2006-07, but were $210 thousand under budget. The increase was due principally to the additional costs in 2007-08 related to the preparation and distribution of the Council's Strategic Plan and Action Plan for 2008-11, regular salary increases and increased office accommodation costs, which were lower in 2006-07 due to the receipt of an unexpected property tax rebate.

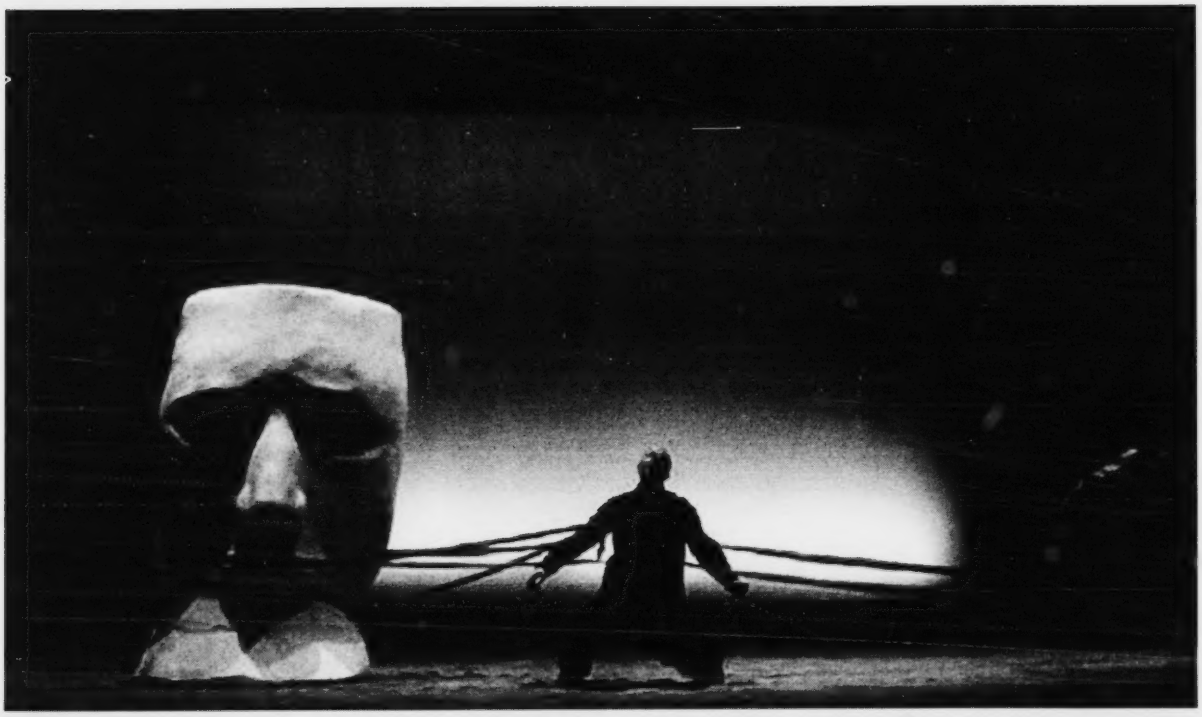
Audit Notes

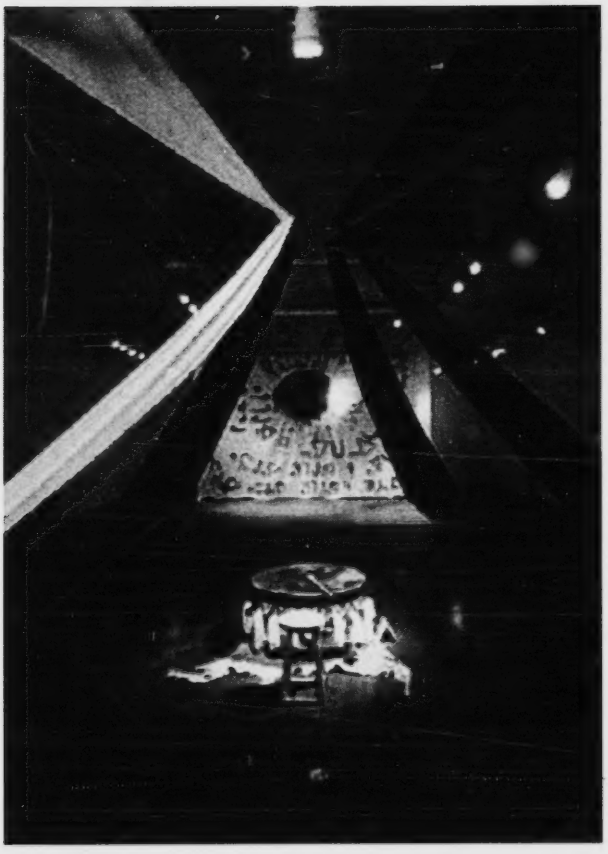
As required by sections 131 to 148 of Division III of Part X of the Financial Administration Act, the Council is required to have a special examination performed by the Office of the Auditor General every five years. The special examination began in the 2007-08 fiscal year with a final report due in June 2008. The Council's outsourced internal audit function updated the risk based internal audit plan in 2006-07 and, during the year, audits on the Supplementary Operating Funds Initiative and payroll processes were completed. An audit of the Council's entity level controls and budget process was started and is scheduled for completion in June 2008.

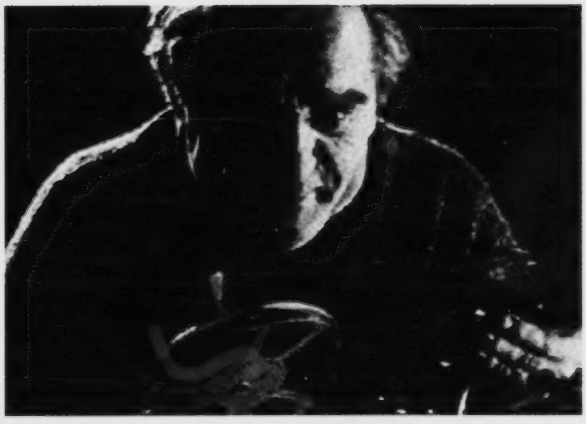
Future Accounting Changes

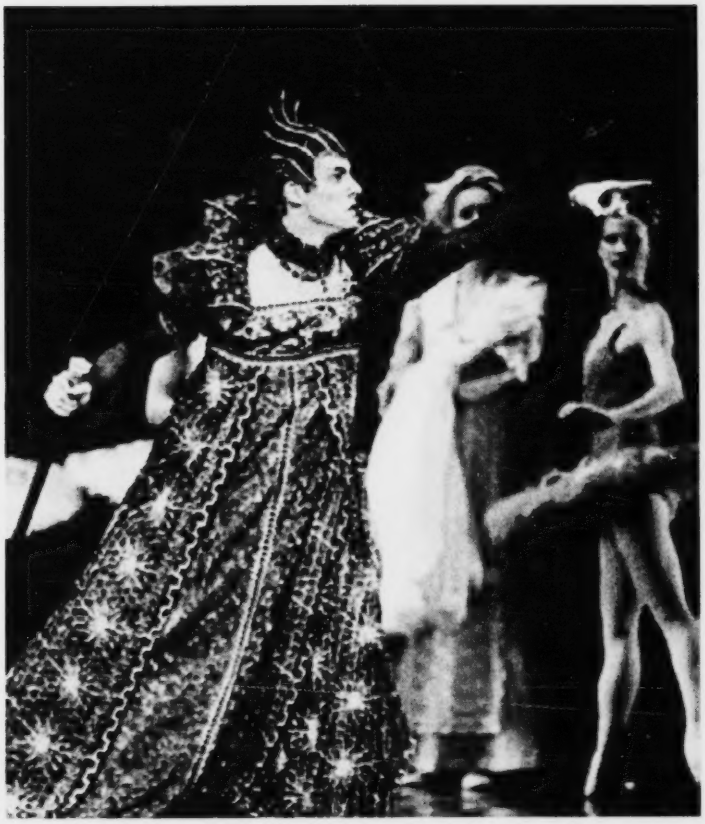
The Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards that will have an impact on the Council: Section 1535, *Capital Disclosures*; Section 3862, *Financial Instruments - Disclosures*; and Section 3863, *Financial Instruments - Presentation*. These standards place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the Council manages those risks. The new standards, together with the impact of these changes, are described in the Note 2 (l) of the Council's financial statements and will come into effect for 2008-09.

In February 2008 the Accounting Standards Board of Canada confirmed that the transition to International Financial Reporting Standards from Canadian generally accepted accounting principles will occur for fiscal years beginning on or after January 1, 2011. The impact of this transition on the Council's financial statements has not been determined; however, the Council has started the process of assessing what effect the implementation of the new standards will have on its operations.









More than 560 arts organizations across the country received grants in 2006-07 and 2007-08 totaling $33 million as a result of a special competition aimed at strengthening their current operations by enhancing their artistic, administrative or audience development activities. Among these organizations is the Royal Winnipeg Ballet, the country's oldest ballet company. Acclaimed in 573 cities the world over, the RWB recently toured B.C. with its production of *Sleeping Beauty*. Shown in the photo are the dancers of the company, in *Sleeping Beauty*. Photo: Bruce Monk.

1 Artistic organizations play a key role in the promotion of the arts. With its 15 musicians from B.C., the Victoria-based Aventa Ensemble brings new music to Canadian and West Coast audiences. In its most recent season, Aventa presented 25 Canadian works and commissioned four new works. Aventa also borrows from the international repertory and has established interesting international partnerships. The opera *On This Planet*, a result of a collaboration with Denmark, enjoyed phenomenal success. The critic Deryk Barlow went beyond describing the performance as magnificent – he actually attended twice. Shown in the photo is Danish artist Thomas Sandberg, in *On This Planet*, by Danish composer Anders Nordentoft, under the direction of Bill Linwood. Photo: Rob Desfosse

2 Over the years, Saskatchewan's Common Weal Community Arts has elaborated a creative process that is based on dialogue between artists and the community. Based in Regina and Prince Albert, Common Weal is a national leader in community collaboration. Its projects allow people to tell their own stories to one another; in the process, they inspire social change and community engagement. Last fall, Common Weal presented the multidisciplinary *Two Story Café* at the Aboriginal Music and Arts Festival. The musical, poetic and cinematographic event featured the history and culture of the Prince Albert region. Photo of the installation for the performance by Keith Bird and Sharon Pelletier, part of Common Weal's *Two Story Café*. Thomas Porter

3 The history of *smallfilm* is an exhilarating comment on cinematic creativity in the Yukon. Written and directed by Richard Lawrence (currently established in Nova Scotia), produced by Rachel Grantham, Jeremy Edwardes and Richard Lawrence, and distributed by Elsa Entertainment, this first Yukon production produced in 35mm won the "Directed in the Yukon" prize at the 2008 Dawson City International Short Film Festival. Shown as part of the Yukon Film Society's Picturing the Yukon: Yukon Films on Tour 2008, *smallfilm* has also been shown in Vancouver and Calgary. In spring 2009, some 8,000 subscribers to the periodical *Geist* were able to view *smallfilm* through a DVD short-film anthology produced by the Yukon Film Society. Shown in the photo is Henry Woolf, as Otto, in *smallfilm*. Photo: Douglas Scott

4 Art changes our perception of the world. With its exhibits and performances by disabled artists, the interdisciplinary Abilities Arts Festival not only changes public perceptions of the creativity of the disabled, but ensures their rich artistic contribution to Canada's artistic and cultural life. Established in Toronto in 2004, the Abilities Arts Festival has presented exhibits and performances from both Canada and abroad. *Division*, by Alberta photographer Kyle Riva, was presented as part of Connection 3: "Exposed," at the 2007 Abilities Arts Festival.

Edmonton's Catalyst Theatre gives widely-acclaimed performances. In 2007, its production of *Frankenstein* won eight of Alberta's Elizabeth Sterling Haynes Awards in theatre (musical production, creation, supporting actor, sets, costumes, lighting, music and musical direction). Next year, it will tour to Whitehorse, Calgary and Saskatoon. Like more than 100 artists and arts organizations, Catalyst Theatre received a grant under the Alberta Creative Development Initiative, a new program designed to support the development of the arts in Alberta. Shown in the photo is Tracy Penner, in *Frankenstein* (costumes by Gretta Gerecke). Photo: Jackson Hinaton

1 Since 2002, the organization Nuit internationale du conte en Acadie (NICA) has brought storytelling to vast audiences, including children from kindergarten to grade 12. NICA has also toured its festival throughout New Brunswick, with storytellers from Acadia and the rest of Canada and elsewhere. Shown in the photo is the celebrated Acadian storyteller Alfred Léger, who took part in the most recent festival. Photo: Beatrice Savoie-Mocking

2 Alex Cuba invents new Cuban traditions by incorporating funk and jazz into his music. At the 2007 Juno Awards in Calgary, this young musician from Smithers, B.C. took top prize for best world music album. Photo: courtesy CARAS/iPhoto

3 When the Canada Council Art Bank donated three sets of original prints to the Art Gallery of Nova Scotia in 2005, the AGNS established, in collaboration with the Nova Scotia Department of Education, a program to raise awareness of contemporary visual art among youth. Always at the cutting edge of current artistic activity, the Art Bank, inspired by ArtReach, and as part of the Council's 50th anniversary celebrations, launched a special program aimed at galleries and other collecting organizations wishing to establish similar programs. The AGNS was the first grant recipient in this program. Shown in the photo is a youth from Dartmouth who took part in a recent ArtReach workshop. Photo: Dan Callis

4 Montreal sculptor David Altmejd has acquired an international reputation through his participation in the Istanbul and Whitney biennales. This year, he represented Canada at the Venice Biennale in visual arts with his colossal *The Giant 2*. Altmejd's works are found in the Guggenheim Museum and the Whitney Museum in New York, among other collections. Photo: Ellen Page Wilson, courtesy Andrea Rosen Gallery, New York, © David Altmejd

5 Stan Douglas has exhibited throughout the world. In 2007, his work was shown in a major retrospective at the Staatsgalerie Stuttgart, in Germany. The prestigious British publisher of art books, Phaidon Press, named the Vancouver filmmaker among the 20 most important contemporary artists in the world. Stan Douglas won the 2008 Bell Award in Video Art. Photo: the set of *Midnight Assassin* (2006), recombinant high-definition video projection, courtesy David Zwirner, New York

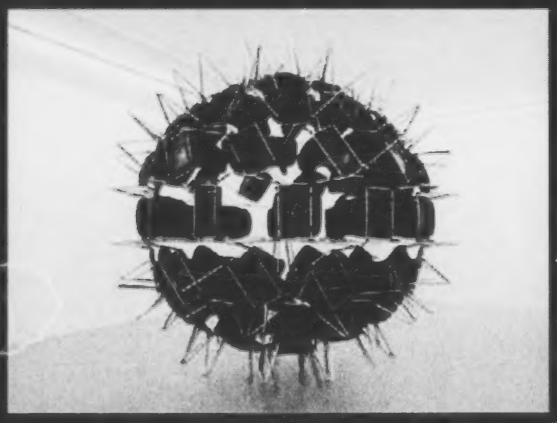
For over 20 years, Michel Lemieux and Victor Pilon have integrated different art forms into modern technology, and in the process created audacious new works. The creations of lemieux pilon 4d art have toured throughout Canada, the U.S., Mexico, Europe, South America, Australia and Asia. Their genius has been recognized by numerous prizes. At the Brighton Festival, in the U.K., *NORMAN (Tribute to Norman McLaren)* won the Argus Angel Prize awarded by critics from the magazine *The Argus*. In March 2007, Lemieux and Pilon presented *NORMAN* at the Festival Iberoamericano de Teatro de Bogota, in Colombia, the biggest international theatre festival in the world, with 1,200 artists from 45 countries and five continents. This artistic duo epitomizes the rapidly-changing nature of artistic creation. Shown in the photo: Peter Tiosztmet, in *NORMAN (Tribute to Norman McLaren)*, by Michel Lemieux, Victor Pilon and Peter Tiosztmet. Photo: Victor Pilon

1 In the summer of 1998, in Igloolik (Nunavut), two adolescents committed suicide. Youth alienation is a sad part of Northern reality. One step towards a solution is being provided by the artistic community: giving youth a space to express themselves. With the help of ISUMA Productions (producer of *Atanarjuat, the Fast Runner*), a group of eight youth formed the Inuusiq Youth Drama Group and set about to produce a television series on the modern realities of youth in the North. Guillaume Ittukssarjuat Saladin, co-writer and actor in the series and a student of the École nationale de cirque de Montréal, established with six other students the circus Artcirq. Today, Artcirq offers workshops to Nunavut youth, while still pursuing an international presence. Its collaboration with Les 7 doigts de la main (of Montreal) and Circo de Mente (of Monterey, Mexico) took it to Mexico to produce the Fibonacci Project. This collaboration was taken to Igloolik in summer 2008 and will then visit Iqaluit for the Alianait Arts Festival. Shown in the photo are jugglers (right) Lianne Delzors (Artcirq), Leonardo Cordendino (Circo de Mente Mexico) and Yamoussa Bangoura (Artcirq), and (left) Guillaume Ittukssarjuat Saladin. Photo: Ed Maruyama

2 More and more artistic organizations are focusing their efforts on the community through workshops, special events, "open door" tours and performances designed for specific audiences. The Ottawa Symphony Orchestra (OSO) makes an important contribution to community life with three educational programs: Mentorship for young musicians), Symphony for Schools and Students at the Symphony. In this way, the OSO raises awareness among the youth who will be their audiences of the future. Shown in the photo is OSO conductor David Currie, in the company of aspiring young conductor Stefan Schuster. Photo: Julie Oliver/Ottawa Citizen

3 After more than 20 years of existence, the theatre company De-ba-jeh-mu-jig (which means "storytellers" in Cree and Ojibway) recently opened an artistic training centre. Established on the Wikwemikong reserve on Manitoulin Island, Ont., this professional community organization is devoted to the renewal of Anishinaabeg culture, language and traditions through education and artistic exchanges between Aboriginals and non-Aboriginals. *Dutch* explores the duality of different worlds and different realities. Shown in the photo is Tabitha Pelltier, in the role of Blouzy (left), and Elisha Sidlel, in the role of M'Chi'Cha (right), in *Dutch*, a production of the De-ba-jeh-mu-jig Theatre Group. Photo: Nadya Kwandibens

Financial Statements



Michel DeBroin
Black Whole Conference (2006)

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canada Council for the Arts and all the information in this annual report are the responsibility of Management and have been approved by the Board.

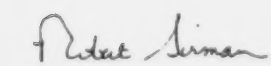
The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. The financial statements include amounts based on Management's best estimates as determined through experience and judgment. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

The Canada Council for the Arts maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the organization's assets are appropriately accounted for and safeguarded.

The Board is responsible for the management of the business and activities of the Canada Council for the Arts. In particular, they are responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls. They exercise this responsibility through the Audit and Finance Committee, which is composed of members who are not employees of the Canada Council for the Arts. The Audit and Finance Committee meets with Management, the internal auditors and the Auditor General of Canada on a regular basis. The Committee reports its findings to the Board for consideration when approving the financial statements.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements of the Canada Council for the Arts and for issuing her report thereon.

May 26, 2008



Robert Sirman, Director

William Stevenson, CA
Director, Finance and Administration

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Canada Council for the Arts
and the Minister of Canadian Heritage, Status of Women and Official Languages and Minister for La Francophonie

I have audited the balance sheet of the Canada Council for the Arts as at March 31, 2008 and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, except for the change in the method of accounting for financial instruments as explained in note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Council that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part X of the *Financial Administration Act*, the *Canada Council for the Arts Act* and the by-laws of the Council.

Sylvain Ricard, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 26, 2008

Balance Sheet

as at March 31

(in thousands of dollars)	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	$ 38,464	$ 29,547
Accrued investment income	-	1,125
Accounts receivable	1,419	1,292
Prepaid expenses	530	226
Derivatives (Note 5)	134	-
	40,547	32,190
Investments (Note 6)	292,509	318,140
Works of art and musical instruments (Note 8)	20,118	19,747
Other capital assets (Note 9)	3,459	3,729
Total assets	**$ 356,633**	**$ 373,806**
LIABILITIES		
Current liabilities		
Grants payable	$ 34,576	$ 40,392
Accounts payable and accrued liabilities	2,938	2,890
Derivatives (Note 5)	5,506	-
Deferred parliamentary appropriations	171	896
	43,191	44,178
Deferred revenues	2,957	3,046
Employee future benefits (Note 10)	1,945	1,734
Total liabilities	48,093	48,958
EQUITY		
Contributed surplus (Note 11)	50,000	50,000
Retained earnings	13,796	15,517
Accumulated other comprehensive income (Note 12)	55,881	81,839
	69,677	97,356
Reserve from the capitalization of investment income (Note 13)	168,745	157,745
Reserve for investment in works of art and musical instruments (Note 13)	20,118	19,747
	188,863	177,492
Total equity	308,540	324,848
Total liabilities and equity	**$ 356,633**	**$ 373,806**

Commitments (Note 17)

(The accompanying notes and schedules form an integral part of the financial statements.)

On behalf of the Board:

Vice-Chair

Director

Statement of Operations
for the year ended March 31

(in thousands of dollars)	2008	2007
REVENUE		
Net investment income (Note 14)	$ 19,991	$ 25,929
Net Art Bank revenue (Note 15)	206	300
Other	2,484	1,229
Total revenue	**22,681**	**27,458**
EXPENSES		
Programs		
Grants (Schedule 2)	164,632	152,645
Administration (Schedule 1)	10,668	10,026
Services	4,600	4,699
	179,900	167,370
Canadian Commission for UNESCO (Note 15)	1,614	1,784
General administration (Schedule 1)	13,997	12,015
Total expenses	**195,511**	**181,169**
Net cost of operations before parliamentary appropriation	172,830	153,711
Parliamentary appropriation	182,507	172,507
Net results for the year	**$ 9,677**	**$ 18,796**

(The accompanying notes and schedules form an integral part of the financial statements.)

Statement of Comprehensive Income
for the year ended March 31

(in thousands of dollars)	2008	2007
Net results for the year	$ 9,677	$ 18,796
Other comprehensive income (loss)		
Available-for-sale financial assets		
Unrealized losses on unrestricted available-for-sale financial assets during the year	(40,065)	-
Reclassification to operations of realized gains in the year	(373)	-
Net change in unrealized losses in available-for-sale financial assets	(40,438)	-
Restricted contributions from non-owners		
Unrealized losses on contributions from non-owners during the year	(14,536)	-
Reclassification to operations of realized losses in the year	221	-
Donations from non-owners received during the year	1,137	2,500
Net investment income attributed to non-owners	4,884	7,805
Use of funds attributed to non-owners	(3,207)	(3,154)
Net change in unrealized gains (losses) in contributions from non-owners	(11,501)	7,151
Comprehensive income (loss) for the year	**$ (42,262)**	**$ 25,947**

(The accompanying notes and schedules form an integral part of the financial statements.)

Statement of Changes in Equity

for the year ended March 31

(in thousands of dollars)	2008	2007
EQUITY		
Contributed surplus (Note 11)	**$ 50,000**	**$ 50,000**
Retained earnings		
Balance at beginning of the year	15,517	12,587
Net results for the year	9,677	18,796
Appropriated to reserve from the capitalization of investment income during the year	(11,000)	(15,500)
Appropriated to reserve for investment in works of art and musical instruments during the year	(398)	(366)
Balance at end of the year	13,796	15,517
Accumulated other comprehensive income (Note 12)		
Available-for-sale financial assets		
Balance at beginning of the year	-	-
Unrealized gains on available-for-sale financial assets as at April 1, 2007	20,704	-
Other comprehensive loss for the year	(40,438)	-
Balance at end of the year	(19,734)	-
Restricted contributions from non-owners		
Balance at beginning of the year	81,839	74,688
Unrealized gains on available-for-sale financial assets as at April 1, 2007	5,277	-
Other comprehensive income (loss) for the year	(11,501)	7,151
Balance at end of the year	75,615	81,839
Total accumulated other comprehensive income	55,881	81,839
Total retained earnings and accumulated other comprehensive income	**69,677**	**97,356**
Reserves (Note 13)		
Reserve from the capitalization of investment income		
Balance at beginning of the year	157,745	142,245
Appropriated from retained earnings during the year	11,000	15,500
Balance at end of the year	168,745	157,745
Reserve for the investment in works of art and musical instruments		
Balance at beginning of year	19,747	19,591
Net disposals during the year	(27)	(210)
Appropriated from retained earnings during the year	398	366
Balance at end of the year	20,118	19,747
Total reserves	**188,863**	**177,492**
Balance of equity at end of the year	**$ 308,540**	**$ 324,848**

(The accompanying notes and schedules form an integral part of the financial statements.)

Statement of Cash Flows

for the year ended March 31

(in thousands of dollars)	2008	2007
OPERATING ACTIVITIES		
Net results for the year	$ 9,677	$ 18,796
Items not affecting cash and cash equivalents		
Donation of works of arts	-	(70)
Income on contributions from non-owners capitalized	1,677	4,004
Amortization – other capital assets	866	839
Amortization – other capital assets – Art Bank	134	134
Employee future benefits	211	191
	12,565	23,894
Change in non-cash operating assets and liabilities (Note 16)	(516)	20,515
Cash provided by operating activities	**12,049**	**44,409**
FINANCING ACTIVITIES		
Contributions received from non-owners	**1,137**	**2,500**
INVESTING ACTIVITIES		
Purchases of investments	(26,764)	(166,602)
Sales/maturities of investments	23,623	146,502
Acquisition of other capital assets, works of art and musical instruments	(1,128)	(674)
Cash used for investing activities	**(4,269)**	**(20,774)**
Increase in cash and cash equivalents	8,917	26,135
Cash and cash equivalents at beginning of the year	29,547	3,412
Cash and cash equivalents at the end of the year	**$ 38,464**	**$ 29,547**
Represented by:		
Cash equivalents (Note 4)	$ 41,897	$ 30,925
Bank indebtedness	(3,433)	(1,378)
	$ 38,464	**$ 29,547**

(The accompanying notes and schedules form an integral part of the financial statements.)

Notes to Financial Statements

March 31, 2008

1. Authority, Operations and Objectives

The Canada Council for the Arts, established by the *Canada Council Act* in 1957 and subsequently amended in 2001 by Bill C-40 to the *Canada Council for the Arts Act*, is not an agent of Her Majesty and is deemed to be a registered charity for the purposes of the *Income Tax Act*. In accordance with section 85(1) of the *Financial Administration Act*, the Canada Council is exempt from Divisions I to IV of Part X of this Act, except for sections 131 to 148 of Division III and section 154.01 of Division IV. The Canada Council for the Arts is a national organization whose objectives are to foster and promote the study and enjoyment of, and the production of works in, the arts.

The Council achieves its objectives primarily through grants programs to professional Canadian artists and arts organizations. The Council incurs administration and services expenses in the delivery of programs. Program administration expenses are detailed in Schedule 2 and represent the direct costs of program delivery. Program services expenses mainly represent the costs associated with the adjudication of the Council's grants. General administration costs represent the costs related to corporate management, communications, human resources, information management, finance, accommodation and amortization.

The *Canada Council for the Arts Act* assigns the Council with the functions and duties for the Canadian Commission for UNESCO. The Canadian Commission for UNESCO advises the Government of Canada on its relations with the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Commission also fosters co-operation between Canadian organizations in civil society and UNESCO.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). On April 1, 2007, the Council adopted the new standards for financial instruments outlined in Note 3. The significant accounting policies of the Council are:

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. Employee-related liabilities, accrued investment income and the estimated useful lives of capital assets are the most significant items where estimates are used. Actual results could differ from those estimated.

(b) Cash equivalents

Cash equivalents are designated as held-for-trading and are carried at fair value. Cash equivalents represent short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents on the Council's balance sheet comprise units in short-term pooled funds. Interest income is recorded on an accrual basis and is recognized as revenue in the year in which it is earned.

(c) Investments

Prior to the adoption of the new standards, the Council recorded its investments at cost and wrote them down to market value when the loss in value was considered to be other than a temporary decline.

Under the new standards, the investments are designated as available-for-sale and are recorded and measured on the balance sheet at their fair value.

Unrealized gains and losses on investments recorded at fair value are recognized directly in other comprehensive income until the investment is derecognized, or until a loss is considered to be other than temporary, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income is recognized in net investment income on an average cost basis for the period. The investments may be sold in response to changes in the Council's liquidity requirements and to rebalance the asset mix to benchmarks stipulated in the Council's investment policy. Purchases of investments are recorded on the settlement date. All management fees paid are expensed in the year.

(d) Other capital assets, works of art and musical instruments

Equipment and leasehold improvements are carried at cost less the accumulated amortization. Amortization is calculated using the straight-line method, over the estimated useful lives of the assets as follows:

Office equipment	5 years
Leasehold improvements	remaining term of the lease

Purchased works of art and musical instruments are capitalized at cost. Donated works of art and musical instruments are recorded at their appraised value. No amortization is recorded on these assets.

(e) Employee future benefits

i) Severance benefits

Employees are entitled to severance benefits, as provided for under conditions of employment and the collective agreement. The cost of these benefits is accrued as the employees render the services necessary to earn them. The liability is calculated based on management's best estimates and assumptions, on the employee's salary and number of years of service as at March 31. For employees who have attained the age of 50, with one year or more of continuous service, one week's salary is calculated for each completed year of continuous service up to a maximum of 28 weeks. For employees who have not attained the age of 50, with one or more years of service, one-half of one week's salary is calculated for each completed year of continuous service up to a maximum of 26 weeks. Term employees who have 12 consecutive months of continuous service are entitled to either two days pay for each completed year of continuous service or five days pay, whichever is greater. These benefits represent the only employment obligation of the Council that entails settlement by future payment.

ii) Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Council's contribution to the plan reflects the full cost as employer. The amount is currently based on a multiple of the employee's required contributions and may change over time depending on the experience of the Plan. These contributions are expensed during the year in which the services are rendered and represent the total pension obligations of the Council. The Council is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(f) Reserve from the capitalization of investment income

In years when net investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the retained earnings to the reserve from the capitalization of investment income. In years when net investment income is less than the amount of net budgeted investment income, an amount may be transferred to the retained earnings from the reserve from the capitalization of investment income. These transfers are approved by the Board.

(g) Revenue recognition

(i) Parliamentary appropriation

Parliamentary appropriation is recognized as revenue in the year for which it is approved by Parliament. Parliamentary appropriation intended for future years received from Parliament before the end of the year is recorded as deferred parliamentary appropriation. The parliamentary appropriation is mainly used for operations.

(ii) Contributions

The Council receives non-owner contributions that are externally restricted for specific purposes by the donors.

In the prior year financial statements, externally restricted contributions, externally restricted investment income, including realized gains and losses, were recorded as deferred contributions. The deferred contributions were only recognized as revenue in the year in which the related expenses were incurred.

Under the new accounting standards adopted by the Council on April 1, 2007 and applied retroactively to the comparative period, externally restricted non-owner contributions and the associated externally restricted investment income, including realized and unrealized gains and losses, are recognized as direct increases in other comprehensive income. The accumulated other comprehensive income is reduced and recognized as revenue once the related expenses are incurred.

Unrestricted non-owner contributions are recognized as other revenue in the year received or in the year the funds are committed to the Council if the amount can be reasonably estimated and collection is reasonably assured.

In-kind contributions are recorded at their fair value when they are received.

(iii) Art Bank rental revenues

Revenues generated from the rental of works of art are recognized in the year in which services are provided. They are included in net Art Bank revenue.

(iv) Other revenues

Other revenues consist mainly of the cancellation in the current year of grants approved in previous years.

(h) Grants

Grants are recorded as an expense in the year for which they are approved by the Board.

(i) Derivative financial instruments

The Council is exposed to foreign currency risk because it holds assets of global equities denominated in foreign currencies. The Council's investment policy allows it to use derivative

financial instruments ("derivatives") in the management of its foreign currency exposure.

The Council's investment policies and goals restrict the use of derivatives to currency forward contracts to manage risk. The Council holds its derivatives until maturity and does not use them for speculative purposes.

The Council does not apply hedge accounting to its derivatives. Derivatives are recognized on the balance sheet upon acquisition and removed from the balance sheet when they are settled. Both on initial recognition and subsequently, each derivative is recognized as either an asset or a liability on the balance sheet at its fair value. Derivatives with a positive fair value are reported as derivatives as a component of total assets. Derivatives with a negative fair value are reported as derivatives as a component of total liabilities. All changes in the fair value of derivatives are recognized on the statement of operations under net investment income in the period in which they occur.

(j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expense items are translated at average exchange rates prevailing throughout the year. All exchange gains and losses are included in determining net income for the year except for available-for-sale investments where unrealized translation gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

(k) Operating leases

The Council enters into operating leases for its office accommodation. The lease inducements are recorded as a reduction to the office accommodation expense on a straight-line basis over the term of the lease.

(l) Future accounting changes

On December 1, 2006, the Canadian Institute of Chartered Accoun-tants (CICA) issued three new accounting standards: Handbook Section 1535 *Capital Disclosures*; Handbook Section 3862 *Financial Instruments – Disclosures*; Handbook Section 3863 *Financial Instruments – Presentation*. These standards are effective for the Council's reporting period beginning on April 1, 2008. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and, (iv), if it has not complied, the consequences of such non-compliance. The new Handbook Sections 3862 and 3863 replace Handbook Section 3861 *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The impact on the Council of implementing these sections is not currently known.

On February 13, 2008, the Canadian Accounting Standards Board confirmed that the transition to International Financial Reporting Standards (IFRS) from Canadian GAAP will occur on January 1, 2011 for publicly accountable entities. The Council is required to adopt IFRS but the impact of this transition on the Council's financial statements has not yet been determined; however, Management continues to monitor these developments.

3. Changes in Accounting Policies

a) Effective April 1, 2007, the Council adopted the new standards for Financial Instruments in accordance with various sections of the CICA Handbook including Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3861, *Financial Instruments – Disclosure and Presentation*, Section 1530, *Comprehensive Income* and Section 3251, *Equity*. The primary provisions of these new standards require the classification of financial assets as held-for-trading, held-to-maturity, loans and receivables, or available-for-sale and classification of financial liabilities as either held-for-trading or other liabilities. The new standards require that financial assets and liabilities be measured in accordance with their respective basis of classification.

The following table identifies the financial assets and liabilities that require measurement under the new standards and the basis of classification for each.

Financial asset or liability	Basis of classification
Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Investments	Available-for-sale
Derivatives	Held-for-trading
Grants payable	Other liabilities
Accounts payable	Other liabilities
Accrued liabilities	Other liabilities

Cash and cash equivalents, accounts receivable, grants payable, accounts payable and accrued liabilities which are incurred in the normal course of business approximate their fair value because of their short-term maturity.

The Council has designated its investments as available-for-sale and, as such, these investments are recorded at fair value for the current year. In prior years, investments were recorded at

cost, and realized gains and losses were recognized in the year of disposal.

All derivatives are classified as held-for-trading with realized and unrealized gains and losses recorded on the statement of operations under net investment income.

As a result of adopting these Sections, the opening balance of investments has been increased from $318,140,000 to $344,121,000 to reflect the prior year's net appreciation of the fair value of investments and the difference of $25,981,000 is recorded in the opening balance of accumulated other comprehensive income.

In addition, derivatives embedded in financial instruments or other contracts may be required to be accounted for separately under the new standards.

The Council adopted a transition date for embedded derivatives of April 1, 2003, and, accordingly, only recognized those embedded derivatives requiring separation from host contracts issued, acquired or substantially modified subsequent to this transition date.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. If certain conditions are met, an embedded derivative is separated from the host contract and accounted for as a derivative in the balance sheet, at its fair value. There were no embedded derivatives that required recognition in the Council's financial statements as a result of the adoption of these new standards.

Comprehensive income was added to the Council's financial statements. Accumulated other comprehensive income forms part of equity.

Effective April 1, 2007, the Council no longer follows the deferred contribution method of accounting for contributions received from non-owners, but now recognizes these contributions as part of accumulated other comprehensive income.

b) Effective April 1, 2007, the Council adopted the revised CICA Handbook Section 1506 *Accounting Changes* relating to changes in accounting policies, and changes in accounting estimates and errors. Adoption of these recommendations had no effect on the financial statements for the year ending March 31, 2008, except for the disclosure of accounting changes that have been issued by the CICA but have not yet been adopted by the Council because they are not effective until a future date.

4. Cash Equivalents

The objective of the Council with respect to the management of liquidity is to ensure that the capital value of the funds is preserved, that the investments are liquid and that interest income is maximized, given the quality and liquidity constraints of the investment policy. The permitted and prohibited investments are governed by a Board-approved short-term funds investment policy.

The Council invests in two short-term pooled funds managed by State Street Global Advisors. All instruments held in the pooled funds are rated R1 (low) or A (low) or better as rated by a recognized bond rating agency. These funds are comprised of securities issued by different levels of government, chartered banks and corporate issuers. Except for instruments guaranteed by all levels of government, no more than 10% of the short-term portfolio is invested with any one issuer.

The first short-term fund is the temporary investment of the Council's excess daily cash requirements which had a balance of $176 million (2007 - $30.9 million). For the year ended March 31, 2008, this fund earned a return of 4.81% (2007 – 4.24%) and had an average weighted term to maturity of 53 days (2007 – 72 days). The second short-term fund is a new short-term fund of $24.3 million created during 2007-08 with the proceeds from the sale of investments. It will be used to fund the Council's future investment in units of an infrastructure fund and its allocation to real estate. This short-term pooled fund earned a return of 3.28% (2007 – Nil) and had an average weighted term to maturity of 53 days (2007 - Nil).

5. Derivatives

Use of derivatives has been limited to foreign currency forward contracts. The Council currently uses foreign currency forward contracts that represent commitments to purchase or sell foreign currencies for delivery at a specific date in the future at a fixed rate to manage its foreign currency exchange risk. These contracts are typically for a one-month period.

In any transaction there is a potential for loss. This loss potential is represented by credit risk, wherein the counterparty fails to perform an obligation as agreed upon, causing the other party to incur a financial loss, and market risk, where an exposure exists as a result of changes in foreign exchange rates or interest rates.

The Council manages its exposure to credit risk by contracting only with creditworthy counterparties that must have a minimum credit rating from an external credit rating agency. During the year, the Council entered into foreign currency forward contracts to manage half of its exposure to foreign currency exchange risk on the non Canadian dollar denominated portion of its investments portfolio, except for the emerging market component, which was unhedged and represents approximately 7.1% of the investment portfolio. The Council manages its exposure to market risk using limits set out in the Council's investment policy.

Although foreign currency forward contracts are measured in terms of their notional amounts, these amounts are not recorded on the balance sheet, as the notional amounts serve as points of reference for calculating payments and are not the actual amounts that are exchanged. At March 31, 2008, the Council held foreign currency forward contracts, for settlement May 2, 2008, with a notional amount of $84.4 million (2007 – Nil).

In accordance with CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, the Council has classified all derivatives as held-for-trading and measures its foreign currency forward contracts at fair value, with changes in fair value being recognized in the statement of operations. The fair value of outstanding foreign exchange forward contracts represents an asset of $134,000 (2007 – Nil) and reflects the potential gain if settlement were to take place on March 31, 2008. The derivatives liability consists of an unrealized loss of $5.5 million on foreign currency forward contracts that matured on March 31, 2008, but only settled on April 2, 2008. The net investment income includes a net foreign currency loss for the year of $0.5 million (2007 – loss of $0.4 million).

6. Investments

(in thousands of dollars)	2008					2007		
	Cost	Unrealized losses	Unrealized gains	Fair Value	%	Cost	%	Fair Value
Canada Council Endowment and Special Funds								
Pooled funds								
Equity	$ 164,125	$ (19,698)	$ -	$ 144,427	62.1	$ 156,175	62.1	$ 180,930
Fixed income	57,398	(1,653)	-	55,745	24.0	54,951	21.9	52,507
Alternatives	26,622	(1,144)	983	26,461	11.4	26,622	10.6	28,267
Income trusts	-	-	-	-	-	11,364	4.5	9,728
Real estate	4,094	-	-	4,094	1.8	2,312	0.9	2,502
Infrastructure	1,793	-	-	1,793	0.7	-	-	-
	254,032	(22,495)	983	232,520	100.0	251,424	100.0	273,934
Killam Funds								
Pooled funds								
Equity	44,075	(6,774)	-	37,301	62.2	41,648	62.4	46,005
Fixed income	14,750	(443)	-	14,307	23.9	14,121	21.2	13,475
Alternatives	6,831	(294)	250	6,787	11.3	6,831	10.2	7,253
Income trusts	-	-	-	-	-	3,536	5.3	3,027
Real estate	1,036	-	-	1,036	1.7	580	0.9	628
Infrastructure	558	-	-	558	0.9	-	-	-
	67,250	(7,511)	250	59,989	100.0	66,716	100.0	70,388
Total investments	$ 321,282	$ (30,006)	$ 1,233	$ 292,509		$ 318,140		$ 344,322

Unrealized losses on investments are primarily due to the timing of the market prices, foreign exchange movements, or the early years in the business cycle for some investments. The Council does not consider these investments to be other-than-temporarily impaired as at March 31, 2008, as it has the ability and intent to hold them for a reasonable period of time until they recover their fair value.

The long-term objectives of the Canada Council Endowment and Special Funds and the Killam Funds are to generate long-term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital.

The Council invests in units of equity, fixed income and alternative pooled funds and in limited partnership units of two real estate funds and an infrastructure fund. The permitted and prohibited investments as well as the asset mix are governed by a Board approved investment policy. All of the investments are managed by professional investment managers.

The Council manages its portfolio to the following benchmarks adopted by the Board in March 2008. The benchmarks allow asset class allocations to vary between a minimum and a maximum.

Asset Classes	Actual Market Value	Minimum	Benchmark	Maximum
Equities	62.0%	50%	61%	70%
Fixed income	23.9%	10%	20%	40%
Alternatives	11.3%	5%	10%	15%
Real Estate	2.0%	0%	4%	6%
Infrastructure	0.8%	0%	5%	10%

As at March 31, 2008, the Council is making progress towards meeting these benchmarks. Departures from these benchmarks represent assets in transition from one asset class to another.

Investments in the equity pooled funds are comprised of units of two pooled funds. These funds are invested in the global equity markets. The global equities are measured against the returns of the Morgan Stanley Capital International World Index. Investments in the fixed income pooled fund are comprised of Canadian Government and corporate bonds with a minimum credit quality of BBB or equivalent rated by a recognized bond rating agency. The fixed income fund is intended to replicate the returns of the DEX Universe Bond Index. Investments in the alternative pooled funds are comprised of units of two hedge funds with diversified positions across global asset classes. These investments are measured against the returns of the Scotia Capital 91-day T-bill plus 20%. The assets included in real estate funds are commercial real estate properties valued between $2 and $15 million each. These investments are measured against the returns of the Investment Property Databank. The infrastructure fund includes a portfolio of diversified infrastructure investments. These investments are measured against the Consumer Price Index plus 4.5%

The Council is subject to credit risk and market risk from its investments. The Council manages these risks by investing in high-quality financial instruments with creditworthy counterparties, by limiting the amount that can be invested in any one counter party and by using other limits set out in the Council's investment policy.

7. Foreign Currency Balances

The Council's investments are invested globally; consequently, they are exposed to foreign exchange fluctuations. As at March 31, the Council had the following currency exposure:

(in thousands of dollars)	2008		2007	
Currency	Fair Value	%	Fair Value	%
Canada Council Endowment and Special Funds				
Canadian dollar	$ 151,303	65.1	$ 85,778	31.3
US dollar	27,441	11.8	49,297	18.0
Euro	23,568	10.1	39,411	14.4
British pound	7,478	3.2	51,263	18.7
Swedish krona	4,246	1.8	-	-
South Korean won	4,224	1.8	6,780	2.5
Japanese yen	2,610	1.1	9,106	3.3
Norway krone	1,887	0.8	-	-
Taiwan dollar	1,738	0.7	3,718	1.4
Swiss franc	1,635	0.7	3,475	1.3
Others	6,378	2.9	25,094	9.1
	$ 232,520	100.0	$ 273,934	100.0
Killam Funds				
Canadian dollar	$ 38,932	64.9	$ 22,621	32.1
US dollar	7,093	11.8	12,244	17.4
Euro	6,151	10.3	9,847	14.0
British pound	1,867	3.1	13,274	18.9
Swedish krona	1,123	1.9	-	-
South Korean won	1,108	1.8	1,726	2.5
Japanese yen	654	1.1	2,284	3.2
Norway krone	505	0.8	-	-
Taiwan dollar	472	0.8	969	1.4
Swiss franc	409	0.7	848	1.2
Others	1,675	2.8	6,575	9.3
	$ 59,989	100.0	$ 70,388	100.0

During the year, the Council implemented a passive hedge strategy hedging back half of its foreign currency exposure to Canadian dollars, except for the emerging market component, which increases the balance of the Canadian dollars.

8. Works of Art and Musical Instruments

(in thousands of dollars)	2008	2007
Works of Art	$ 18,570	$ 18,199
Musical Instruments	1,548	1,548
	$ 20,118	$ 19,747

The Council's Art Bank has the largest number of contemporary Canadian works of art in Canada. It includes about 17,400 paintings, sculptures, drawings, photographs and prints by over 3,025 artists. The Art Bank rents art works to interested parties and presently has about 6,700 (2007 - 6,500) works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.

The Council created the Musical Instrument Bank in 1985, and it presently owns a fine cello bow and five quality musical instruments. In addition, the Council manages seven instruments on loan from an anonymous donor and one from another donor until August 2009.

9. Other Capital Assets

(in thousands of dollars)	2008			2007
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Office equipment	$ 6,315	$ 5,390	$ 925	$ 883
Leasehold improvements	5,238	2,704	2,534	2,846
	$ 11,553	$ 8,094	$ 3,459	$ 3,729

10. Employee Future Benefits

i) Severance benefits

The Council provides severance benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue. Information about the plan, measured as at March 31, is as follows:

(in thousands of dollars)	2008	2007
Accrued benefit obligation, beginning of year	$ 1,734	$ 1,543
Cost for the year	309	236
Benefits paid during the year	(98)	(45)
Accrued benefit obligation, end of year	$ 1,945	$ 1,734

ii) Pension benefits

The Council and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Council's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(in thousands of dollars)	2008	2007
Employer's contributions	$ 1,730	$ 1,669
Employees' contributions	795	720

11. Contributed Surplus

Contributed surplus represents the original contribution by the Government of Canada of $50 million, which constituted an Endowment Fund when the Council was established in 1957.

12. Accumulated other comprehensive income

Accumulated other comprehensive income consists of unrealized changes to available-for-sale investments and restricted contributions from non-owners.

In the prior year financial statements, contributions from non-owners were classified as private endowments and deferred contributions, each shown as a liability on the balance sheet. Due to the adoption of the new financial instrument accounting standards, contributions from non-owners were reported as accumulated other comprehensive income on a retroactive basis in the current year financial statements. The contributions from non-owners consist of contributions received by way of bequest and donation that have been restricted for specific purposes by the donors, the proportionate share of unrealized gains or losses on the associated investments and unspent restricted income earned on the associated investments. The original contribution principal from non-owners of $37,471,106 is required to be maintained intact unless the Council has obtained directives from the non-owner to deplete the original capital.

The restricted contributions from non-owners are included with the Council's investment portfolio, and a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time the contribution was received. The proportionate share for each restricted contribution of the unrealized gains or losses from the revaluation to fair value of the Council's investment portfolio as at March 31 and reclassifications to income of realized gains or losses in the year are recognized in other comprehensive income as non-owner contributions.

13. Reserves

(i) Reserve from the capitalization of investment income

This reserve represents the sum of excess investment income since the establishment of the Council in 1957. The Council's policy is that, when investment income is greater in a year than that budgeted, the excess is transferred from retained earnings to the reserve from the capitalization of investment income. In years when investment income is less than that which has been budgeted, the deficiency is transferred from the reserve from the capitalization of investment income to retained earnings.

(ii) Reserve for investment in works of art and musical instruments

This reserve represents a transfer from retained earnings to the reserve of an amount equal to the cost of works of art or musical instruments purchased or the appraised value of works of art or musical instruments donated during the year.

14. Net Investment Income

(in thousands of dollars)	2008	2007
Realized (losses) gains on disposal of investments	$ (445)	$ 24,090
Realized losses on foreign currency	(5)	(2,164)
Realized and unrealized losses on derivatives	(498)	(487)
Dividends and interests	24,460	11,233
Income attributable to contributions from non-owners	(1,677)	(4,625)
Investment portfolio management costs	(1,844)	(2,118)
	$ 19,991	$ 25,929

The financial markets in which the Council invests are quite diversified, and investment income can fluctuate year over year. In years where investment income exceeds expectations, the Council reinvests excess income in order to maintain the purchasing power of the fund and to ensure its continued growth. This approach brings stability and long-term growth, so that, in years where income is not as favourable, previous years' income represented by reserve from the capitalization of investment income, a component of equity, can be utilized.

15. Net Art Bank Revenue and Canadian Commission for UNESCO

(in thousands of dollars)	2008	2007
Net Art Bank Revenue		
Rental revenue	$ 1,961	$ 1,884
Donation of works of arts	-	70
Other income	222	230
Administration	(1,843)	(1,750)
Amortization	(134)	(134)
	$ 206	$ 300
Canadian Commission for UNESCO		
Program expenses	$ 423	$ 572
Program – contributions received	(117)	(19)
Administration	1,308	1,231
	$ 1,614	$ 1,784

Program expenses represent mainly the costs associated with the Commission's activities at international meetings related to education, science and culture. These costs are offset by contributions received from other organizations partnering with the Commission on these activities. Administration expenses represent the direct costs of delivering the Commission's programs.

16. Change in Non-cash Operating Assets and Liabilities

(in thousands of dollars)	2008	2007
Decrease in accrued investment income	$ 1,125	$ 722
Increase in accounts receivable	(127)	(338)
(Increase) decrease in derivatives - assets	(134)	3
Increase in prepaid expenses	(304)	(9)
(Decrease) increase in grants payable	(5,816)	20,065
Increase in accounts payable and accrued liabilities	48	522
Increase (decrease) in derivatives - liabilities	5,506	(42)
(Decrease) increase in deferred revenues	(89)	4
Decrease in deferred parliamentary appropriations	(725)	(1,088)
Increase in deferred contributions	-	676
Net cash provided (used) by non-cash operating assets and liabilities	$ (516)	$ 20,515

17. Commitments

(a) Payments of grants extending into future years are subject to the provision of funds by Parliament. Future year grants approved prior to March 31, 2008 are payable as follows:

(in thousands of dollars)	
2009	$ 53,153
2010	32,280
2011	4,467

(b) The Council is party to long-term operating leases with respect to rental accommodation. The net minimum annual rental is as follows:

(in thousands of dollars)	
2009	$ 3,970
2010	4,249
2011	4,270
2012	4,270
2013	4,270
2014 - 2020	4,873
Total	$ 25,902

18. Related Party Transactions

The Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions with related parties in the normal course of business on normal trade terms applicable to all individuals and enterprises, and these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Council incurred grant expenses totaling $246,500 (2007 - $376,000) and recorded rental revenues of works of art, contributions and other revenues totaling $1,948,000 (2007 - $1,896,000) with related parties.

As at March 31, the Council recorded the following amounts on the balance sheet for transactions with related parties:

(in thousands of dollars)	2008	2007
Accounts receivable	$ 791	$ 735
Grants payable	197	209
Accounts payable and accrued liabilities	168	18
Deferred revenues	879	798

The Council is not exposed to significant interest or credit risk related to its accounts receivable.

19. Fair Value of Financial Instruments

The Council's financial instruments consist of cash and cash equivalents, accounts receivable, derivatives, investments, grants payable and accounts payable and accrued liabilities which are incurred in the normal course of business. The carrying amounts of these financial instruments, excluding the investments and derivatives, approximate their fair value because of their short-term maturity.

The fair values of the investments are determined as follows:

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the Fund's proportionate share of the underlying net assets at fair values, determined using closing market prices.

Real estate investment values are supplied by the administrator using independently audited appraisals obtained annually.

Infrastructure investment values are supplied by the administrator using internally audited appraisals annually and independently audited appraisals every three years.

The fair value is listed in note 6.

Fair value estimates for the derivatives are calculated using supportable observable market rates including the current market spot and the forward exchange rates at year end.

20. Comparative Figures

Certain 2007 figures have been reclassified to conform to the presentation adopted in 2008.

Schedule 1 – Administration Expenses

for the year ended March 31

(in thousands of dollars)	2008			2007
	Programs	General Administration	Total	Total
Salaries	$ 7,273	$ 5,279	$ 12,552	$ 11,621
Employee benefits	2,041	1,467	3,508	3,147
Office accommodation	33	3,235	3,268	2,622
Professional and special services	321	1,172	1,493	1,187
Staff travel	636	312	948	891
Amortization	-	866	866	839
Printing, publications and duplicating	77	636	713	593
Communications	203	292	495	451
Meeting expenses including members' honoraria	81	221	302	257
Information management	-	262	262	180
Office expenses and equipment	-	229	229	234
Miscellaneous	3	26	29	19
	$ 10,668	$ 13,997	$ 24,665	$ 22,041

Schedule 2 – Grant Expenses by Section

for the year ended March 31

(in thousands of dollars)	2008	2007
Arts Programs		
Music	$ 27,402	$ 26,912
Theatre	24,041	23,620
Writing and Publishing	21,864	21,988
Visual Arts	18,917	18,698
Dance	16,405	15,726
Media Arts	13,273	13,260
Public Lending Right Commission	9,159	9,121
Integrated Arts	2,247	2,192
Audience and Market Development	2,034	1,129
Equity	1,875	1,788
Alberta Creative Development	1,867	-
Aboriginal Arts	1,309	1,282
Other	1,511	1,215
Supplementary Operating Funds Initiative	20,000	13,000
Killam Program		
Killam Research Fellowships	1,433	1,481
Killam Prizes	500	500
Other Prizes and Awards		
Victor Martyn Lynch-Staunton Awards	105	105
Molson Prizes	100	100
Commission internationale du théâtre francophone	96	80
John B.C. Watkins Award	90	-
Vida Peene Awards	79	77
John G. Diefenbaker Award	75	75
Walter Carsen Prize	50	-
Other prizes and awards < $50,000	200	296
	$ 164,632	$ 152,645

Governance

Ned Pratt, *New Construction, Witless Bay*, 2007. This photograph by the St. John's photographer was one of 85 purchases by the Canada Council Art Bank in 2007.

Board Mandate

The Canada Council for the Arts is governed by a Board consisting of a Chair, Vice-Chair and nine other members from across Canada. Members are appointed by the Governor in Council (on the recommendation of the federal cabinet) for fixed terms. The Board meets at least three times a year and is responsible for the organization's policies, programs, budgets and grant decisions.

As stewards of the organization, the Board oversees the organization's governance. It conducts the Council's business, directs Management and ensures that all major issues affecting the Council are given proper consideration. The Board is accountable to Parliament through the Minister of Canadian Heritage.

The duties of Board members include:

- attending Board meetings in Ottawa or elsewhere;
- voting, except where they are in a conflict of interest;
- establishing the overall policies and approving the programs of the Canada Council;
- approving the allocation of the budget between various disciplines, purposes and programs;
- monitoring the effectiveness of the programs and the integrity of the peer assessment system;
- authorizing the awarding of grants, either directly or through delegated authority;
- reflecting regional concerns in discussions, within a national perspective;
- bringing to bear an area of expertise, usually in some aspect of the arts, business or community activity;
- explaining the Council's role in supporting the arts to the arts community, to national, provincial and local leaders, and to the general public;
- serving on standing or special Council committees;
- representing the Council at public events or other activities, as required; and
- performing other duties which the Chair may assign.

Board Independence

All members of the Board are independent directors, appointed by the Governor in Council. This independence is fundamental to sound governance and effective accountability. While the Director (CEO) and Executive Management attend Board meetings to provide information and report on activities, only members may vote and make decisions. Board committees are also composed of Board members, with some committees expanded to include external experts selected for their knowledge and expertise.

Strategic and Corporate Planning

The Board is responsible for overseeing and approving the overall policies of the Council and formulating its strategic directions, developing and approving the Corporate Plan and assessing its implementation.

In October 2007, the Council released *Moving Forward: Strategic Plan 2008-11, Values and Directions*, which will guide its activities over the next three years.

In February 2008, the Council released *Moving Forward: Action Plan 2008-11*, which describes the specific operational objectives and strategies it will pursue to achieve its Strategic Plan directions. Both documents are available on the website: www.canadacouncil.ca/aboutus.

Management reports to the Board on how the Council is performing in relation to the objectives set out in the Corporate Plan and on the actual results achieved throughout the year. This regular monitoring of corporate performance assists the Board in its decision-making and provides a key accountability framework for the work of the organization.

Risk Management

The Board assesses on a regular basis the principal risks inherent in the Council's activities and its external environment. It ensures that these risks have been identified and that appropriate systems to monitor and manage them have been implemented. This involves briefings from Management as well as reports from the Council's internal and external auditors.

In 2007-08, the Office of the Auditor General of Canada undertook its first Special Examination of the Council at the request of the Board. As well, the internal auditors presented reports on the Council's payroll system and the Supplementary Operating Funds Initiative (the one-time program designed to allocate a portion of the $50 million in new funds added to the Council's budget in 2006).

In 2007-08, the Board modified the *Statement of Investment Policies and Goals*, which establishes parameters under which its investment funds (Endowment and Special Funds, and the Killam Funds) are managed and assessed.

Governance Policy

The Council's *Governance Policy* establishes the corporate governance framework for the organization. The objectives of the policy are to:

- define Board and Management roles and responsibilities;
- provide a mechanism by which the highest standards of accountability can be realized;
- maintain an accountability regime that is consistent and coherent, and that forms a systematic and comprehensive whole across the organization;
- facilitate strategic decision-making for Board and Management; and
- heighten Board, staff and external stakeholder confidence in the stewardship of the Board, the professionalism of Management and the integrity of the peer assessment process.

The *Governance Policy* includes the following information and documents: *Canada Council for the Arts Act, The By-Laws of the Canada Council for the Arts, Annual Statutory Reporting Requirements, Peer Assessment Policy, Statement of Investment Policies and Goals, Code of Ethics for Canada Council Board Members, Delegation of Authority,* and *Job Descriptions for the Board Chair, Board Vice-Chair and the Council's Director.* The complete *Governance Policy* is available on the website: www.canadacouncil.ca/aboutus.

Code of Ethics

Board members, as public office holders, are bound by the federal government's *Conflict of Interest Act.* They are also bound by the *Code of Ethics for Canada Council Board Members.*

In 2007-08, new Board members were apprised of the requirements of the latter two documents.

Board Renewal and Appointments

The Board advises the government on appropriate selection criteria for the Chair of the organization, as well as competency profiles and future needs for Board members and for the position of Director.

The Nominating Committee of the Board maintains a skills and expertise profile based on the Council's mandate, strategies, strengths and weaknesses, and the key issues and challenges facing the organization. Along with experience in the arts and expertise in areas such as finance and governance, it is also a priority to recommend candidates who represent Canada's official languages, regions, generations, Aboriginal Peoples and cultural diversity.

The skills and expertise profile, which is continually updated, is provided to the Minister of Canadian Heritage in advance as vacancies arise.

In 2007-08, four members were appointed to the Board: Barbara Burley (St. Andrews, New Brunswick), Jerry Mazerolle (Inkerman, New Brunswick), Anna Porter (Toronto, Ontario), and Jean Saucier (Montréal, Québec). Tom Hill was also re-appointed to the Board. All members were appointed for four-year terms.

As of March 31, 2008, there were no Board vacancies.

Succession Planning and Senior Appointments

In 2007-08, the Council underwent an organizational design review that resulted in the realignment of the executive management positions reporting to the Director.

Process for Senior Appointments

Guided by standard staffing principles and practices, a recruitment and selection process is in place for all senior management positions. Positions are either filled by the Human Resources Division or by an executive search firm. Job profiles are regularly reviewed and updated; vacancies are advertised nationally as well as on the Council's website for a minimum of one month; hiring and selection committees include experts as well as those representing Canada's cultural diversity.

In 2007-08, three executives were appointed following national job competitions: Youssef El-Jai, Head of Media Arts (May 2007); Pierre Arpin, Head of Visual Arts (November 2007); and Nicole Doucet, Director of Arts Disciplines (February 2008).

CEO Assessment Activities

The Director is the organization's chief executive officer. The Director carries out the policies and directives of the Board, reports to the Board, attends meetings of the Board and Board committees, and represents the Council personally or through a delegate in its relations with departments and agencies of the government and other organizations. The Director keeps the Board updated on important factors affecting the realization of the Council's strategic objectives. The Director is accountable to the Board.

Reporting on Performance Appraisal and the Achievement of Corporate Objectives

The Board has the responsibility to:

- identify the skills and characteristics it judges essential for the position of Director;
- review periodically and revise the job description for the Director;
- develop and review on an annual basis a set of corporate objectives that the Director is accountable for achieving; and
- monitor the Director's performance on an annual basis.

The Chair, on behalf of the Board, communicates the results of the Director's annual performance appraisal to the Minister of Canadian Heritage.

Communications with the Minister of Canadian Heritage, Parliamentarians and Other Stakeholders

Good governance requires transparency and accountability. One of the ways of meeting these expectations is to communicate information and decisions to stakeholders.

The Board has the responsibility to ensure that the Council communicates effectively with the Minister and officials in the Department of Canadian Heritage, as it is accountable to Parliament through its Minister. It is also important for the Council, as a federal Crown corporation, to communicate effectively and in a timely manner with parliamentarians and other key stakeholders – public, government departments, arts community.

Among the key documents provided to the Minister, parliamentarians and other stakeholders in 2007-08 were the Canada Council's Annual Report, its Strategic Plan, its Action Plan, and a compendium of funding provided to artists and arts organizations (including a national overview and provincial and territorial profiles).

As part of its strategic planning process, the Council undertook the largest public consultation in its history during the spring and summer of 2007. The results of these consultations (available on the website) informed the Strategic Plan.

Board Orientation and Continuing Education

New Board members are provided with an orientation session and information, and attend all committee meetings at the time of their first Board meeting. The information package describes the role of the Board, its committees and members, relevant policies and information relating to the Council and its management. New Board members also meet with Council's Executive Management Group to discuss key functions and activities.

In March 2008, an orientation session with Management was organized for new members; one new Board member also attended a two-day program organized by the Canada School of Public Service on governance in Crown corporations. The remaining new members will attend the course in the spring and summer of 2008.

Board Performance Evaluation

Every year, under the direction of the Governance Committee, the Board of Directors undertakes an evaluation of the performance of the full Board and Board committees.

In November 2007, the Chair reported to the Minister of Canadian Heritage on the annual evaluation process undertaken by the Board.

Board Committee Mandates and Membership

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight and monitoring of areas of particular concern. There are five standing committees of the Board: the Executive Committee, the Investment Committee, the Audit and Finance Committee, the Governance Committee and the Nominating Committee. Their roles, responsibilities and reporting requirements are defined in the by-laws.

The Executive Committee:

- acts on behalf of the Board (with exceptions related to the approval or amendments of by-laws, policies, budgets, financial statements, grants or the Annual Report) in the interval between meetings of the Board;
- reviews and recommends for Board approval the performance of the Director;
- reviews the financial and non-financial perquisites of the Director; and
- undertakes any other duties assigned to it by the Board.

Membership: Karen Kain (Chair), Amir Ali Alibhai and Simon Brault.

The Audit and Finance Committee:

- reviews the financial statements of the Council;
- recommends the annual financial statements to the Board for approval;
- receives reports and reviews recommendations from the Auditor General of Canada and the internal auditors;

» reviews the Council's accounting procedures and internal controls;

» reviews any corrective measures implemented as a result of audits;

» reviews staff proposals concerning the annual budget and makes recommendations to the Board with respect to approval of this budget; and

» carries out any task of a financial nature that is requested by the Board.

Membership: Simon Brault (Chair), Manon Blanchette, Karen Kain, Esther S. Ondrack and Jean Saucier.

The Governance Committee:

» recommends the substance and form of all governance information submitted to the Board for approval;

» establishes a process for assessing Board capacity and evaluating Board performance;

» provides new Board members with an orientation session;

» ensures that the Canada Council's *Governance Policy* is kept current with best practices and continues to meet the needs of the organization;

» periodically reviews the corporate by-laws and proposes revisions to the Board;

» reviews the findings of external peer review auditors and reports to the Board; and

» undertakes any other tasks assigned to it by the Board.

Membership: Barbara Burley (Chair), Amir Ali Alibhai, Simon Brault,, Karen Kain (attends meeting only) and Susan Knight.

The Investment Committee:

» recommends to the Board policies regarding investments;

» has the authority to hire professional fund managers to purchase, manage and dispose of investments;

» instructs the Council to execute and deliver on behalf of the Council transfers, proxies, voting certificates, documents to exercise rights and other agreements dealing with the organization's investments;

» once a year at a regular meeting makes a report to the Board showing the portfolio of investments at cost and market value, the performance of the funds and any changes or recommendations made since the last report; and

» sees to the deposit and safekeeping of the securities of the Council.

Membership: Karen Kain, Esther S. Ondrack and the following outside experts (non-Board members): Tania Willumsen (Chair), Henry W.C. Gibbs, Laurent Lapierre, Susan Luke Hill, John H. Matthews and William J. Smith.

The Nominating Committee:

» recommends to the Board a list of criteria for filling vacancies for the positions of Board member, Chair and Vice-Chair.

Membership: Simon Brault (Chair), Manon Blanchette, Tom Hill, Karen Kain and Anna Porter.

Other Bodies:

Certain Board members also serve on other bodies. Susan Knight serves on the Executive Committee of the Canadian Commission for UNESCO. Amir Ali Alibhai serves on the Public Lending Right Commission.

Remuneration for Board Directors

Board members are paid an annual retainer and honoraria based on a fee structure recommended by the government and approved by Order in Council. For 2007-08, the total of fees paid to Board members was $117,805.

Executive Management Compensation

The Council has adopted salary ranges for its Executive Management Group that reflect those established by the government for all EX-level positions in the federal public service. For 2007-08, the salary ranges were $176,500-207,700 for the position of Director and $96,100-141,900 for executive positions.

At March 31, 2008, the Executive Management Group consisted of Robert Sirman, Director; Carol Bream, Director, Communications; Michelle Chawla, Corporate Secretary; André Courchesne, Director, Strategic Initiatives; Nicole Doucet, Director, Arts Disciplines; Manon Dugal, Director, Human Resources; John Goldsmith, Director, Stakeholder Relations; William Stevenson, Director, Finance and Administration; and David Walden, Secretary-General, Canadian Commission for UNESCO.

Proactive Disclosure

The travel and hospitality expenses of senior executives are available on the Council's website (www.canadacouncil.ca/aboutus).

Disclosure of Wrongdoing

In April 2007, the Council implemented the Policy on the Internal Disclosure of Wrongdoing in the Workplace, based on the requirements of the new federal *Public Servants Disclosure Protection Act*, which applies to all persons employed in the federal public sector, including employees of the Council and other Crown corporations.

Attendance Records for Meetings of the Board and Board Committees

Board/Committees	Board	Executive	Investment	Audit and Finance	Governance	Nominating
NO. OF MEETINGS	8	7	4	6	4	4
K. Kain, Chair	7	7		5	3	3
S. Brault, Vice-Chair	8	7		6	4	4
A. A. Alibhai	8	3 of 3			2 of 2	
M. Blanchette	7			6		4
B. Burley*	3 of 3				1 of 1	
T. Hill**	4 of 5					2 of 2
S. Knight	6				3	
L. Lapierre***	3 of 4	4 of 4	2 of 2		2 of 2	
J. Mazerolle*	1 of 1					
E.S. Ondrack	8		4	6		
A. Porter*	1 of 1					
J. Saucier*	3 of 3			2 of 2		
D. Thauberger***	7 of 7				3 of 3	3 of 3

Notes:

* B. Burley and J. Saucier were appointed effective December 3, 2007. A. Porter was appointed January 29, 2008. J. Mazerolle was appointed February 26, 2008.
** T. Hill's term expired November 24, 2007 but he was reappointed effective January 29, 2008.
*** L. Lapierre's term expired November 4, 2007. D. Thauberger's term expired February 25, 2008.

Esther S. Ondrack represented the Chair at Investment Committee meetings.

Biographies of the Board and Director of the Canada Council for the Arts
(as of March 31, 2008)

Karen Kain, Chair
Ontario
Ms. Kain studied at the National Ballet School then joined the National Ballet of Canada, where she was quickly promoted to Principal Dancer. She was named Artistic Director in 2005. She holds honorary degrees from Toronto, York, McMaster and Trent universities, received the Governor General's Performing Arts Award and the international Cartier Lifetime Achievement Award, and was named an Officer of the Order of Arts and Letters (France). Ms. Kain is a Companion of the Order of Canada. [Appointed September 14, 2004]

Simon Brault, Vice-Chair
Quebec
Mr. Brault has been Director General of the National Theatre School of Canada since 1997. A long-time advocate of the social recognition of the contribution of artistic communities, he initiated Journées de la culture (1997), led the cultural delegation at the Sommet de Montréal (2002), and is a founding member and President of Culture Montréal. In 2007, he chaired the steering committee and was chief organizer of RV07 - Montreal, Cultural Metropolis, which attracted more than 1,500 representatives from the arts community, municipal, provincial and federal governments, and civil society. He is an Officer of the Order of Canada. [Appointed March 31, 2004]

Tom Hill
Ontario
Mr. Hill has played an influential role in the development of Aboriginal visual arts as a curator, writer, art historian, artist and volunteer. The first Aboriginal art curator in Canada, he was museum director at the Woodland Cultural Centre near Brantford Ont., for over 20 years. In 2004, he received a Governor General's Award in Visual and Media Arts for outstanding contributions to the visual arts in Canada; he has an honorary doctorate from Wilfrid Laurier University. [Appointed November 25, 2004]

Amir Ali Alibhai
British Columbia
Mr. Alibhai is a visual artist, independent curator and cultural worker. He was a founder of the Rungh Cultural Society (1991), publisher of *Rungh Magazine* (1992-97). He has worked as arts programmer at Vancouver's Roundhouse Community Arts and Recreation Centre (1997-2008), educator and guest curator at the Richmond Art Gallery, and as guest/assistant curator at the Surrey Art Gallery. He is currently a Cultural Development Officer for the North Vancouver Office of Cultural Affairs. [Appointed May 12, 2005]

Manon Blanchette
Quebec
An art historian and arts administrator, Ms. Blanchette began her career at the Musée d'art contemporain de Montréal. She was senior curator at the Walter Phillips Gallery in Banff and cultural counsellor at the Canadian embassy in Paris, where she was director of the Canadian Cultural Centre. She has written on contemporary art and has taught art history and art criticism at the Université de Montréal and the Université du Québec à Chicoutimi. She is a Knight of the Order of Arts and Letters (France).
[Appointed May 12, 2005]

Esther S. Ondrack
Alberta
Ms. Ondrack is an active supporter of the arts in Edmonton. She sits on the boards of several organizations including the Edmonton Symphony Society, the Alberta Performing Arts Stabilization Fund, the Edmonton Arts Council and Pro Coro Canada, a professional chamber choir. She retired as Senior Vice-President and Corporate Secretary of Chieftain International in 2001, after 35 years in the petroleum industry. [Appointed May 12, 2005]

Susan Mary (Dyer) Knight
Newfoundland and Labrador

Ms. Knight is a choral conductor and music educator of international repute, an editor and the artistic director of Shallaway (formerly the Newfoundland Symphony Youth Choir), which she founded in 1992. In 1994, she founded Festival 500, a biennial international choral festival in St. John's, which she initiated as a means of cultural affirmation and economic renewal for her province. She is a Member of the Order of Canada and the Order of Newfoundland and Labrador.
[Appointed September 15, 2006]

Barbara Burley
New Brunswick

Ms. Burley has had long and varied management experience within the public and volunteer sectors. She was an assistant deputy minister in the Department of Community Services of the Government of Nova Scotia until her retirement in 2004. She then became involved in the arts sector, becoming vice-chair of the board of the Sunbury Shores Art and Nature Centre and a volunteer at the Ross Museum of St. Andrews, N.B. [Appointed December 3, 2007]

Jean Saucier
Quebec

Mr. Saucier has been an investment advisor for BMO Nesbitt Burns for the past 12 years. His involvement in the arts sector started in 1995. He has sat on the boards of *Vie des Arts* (1995-2007) and the Musée d'art contemporain de Montréal (1999-2007), was chair of the museum's Foundation (1999-2006) and vice-chair of the Festival international des films sur l'art (2002-07).
[Appointed December 3, 2007]

Anna Porter
Ontario

Ms. Porter has extensive experience in the publishing industry. She held several executive positions in leading book-publishing houses before founding Key Porter Books. She was chief executive officer and publisher until 2006. An award-winning author, she is an Officer of the Order of Canada, and was appointed to the Order of Ontario in recognition of her work in promoting Canadian authors internationally. [Appointed January 29, 2008]

Jerry Mazerolle
New Brunswick

Mr. Mazerolle has held many different positions with La Fédération des Caisses Populaires Acadiennes Ltée since 1982, after being director general of La Caisse Populaire de Caraquet. He was also an advisor for the New Brunswick Judicial Council (1999-2006). He is currently treasurer of the Jeunesses Musicales du Nouveau-Brunswick, and a board member of Jeunesses Musicales du Canada and of the community radio station Radio Péninsule (CKRO).
[Appointed February 26, 2008]

Robert Sirman, Director

After graduating from the University of Toronto with an MA in sociology, Mr. Sirman joined the Ontario Government as a speechwriter and policy advisor, helping to establish Ontario's first ministry of culture in 1975. (In the 1980s, he worked as Director of Operations and Director of Research and Policy Planning at the Ontario Arts Council. From 1991 to 2006, he was Administrative Director of Canada's National Ballet School. During his 15 years in that position, he stabilized the School's finances and oversaw a $100-million capital expansion program. [Appointed June 26, 2006]

Senior Staff (as of March 31, 2008)

Director's Office

Robert Sirman, Director *

Michelle Chawla, Corporate Secretary *

John Goldsmith, Director *
Stakeholder Relations

David Walden, Secretary-General *
Canadian Commission for UNESCO

Arts Disciplines

Nicole Doucet, Director *

Pierre Arpin, Head
Visual Arts

Youssef El-Jaï, Head
Media Arts

Roger Gaudet, Head
Theatre

Russell Kelley, Head
Music

Kelly Langgard, Acting Coordinator
Audience and Market Development

Michelle Legault, Executive Secretary
Public Lending Right Commission

Melanie Rutledge, Head
Writing and Publishing

Claude Schryer, Coordinator
Inter-Arts

Anne Valois, Head
Dance

Communications

Carol Bream, Director *

Donna Balkan,
Senior Communications Manager
Media and Public Relations

Victoria Henry, Director
Art Bank

Kim Lymburner, Manager
Business Management

Terry O'Grady, Manager
Design, Writing and Publications

Janet Riedel Pigott, Acting Director
Endowments and Prizes

Grace Thrasher, Coordinator
Arts Promotion

Finance and Administration

William Stevenson, Director *

Carole Boileau, Head
Finance

Luc Charlebois, Head
Financial Planning

Pierre Crispin, Manager
Administrative Services

Daniel Plouffe, Head
Information Management Services

Human Resources

Manon Dugal, Director *

Strategic Initiatives

André Courchesne, Director *

Marianne Heggtveit, Acting Head
Arts Services

Sheila James, Coordinator
Equity

Claire McCaughey, Manager
Research

Louise Profeit-LeBlanc, Coordinator
Aboriginal Arts

Kelly Wilhelm, Coordinator
Partnership and Networks

* Members of the Executive Management Group

For an up-to-date staff list, see the Canada Council website